



Daily Report

East Asia

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CONTENTS

14 December 1995

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INTER-ASIAN AFFAIRS

Thai, Lao, SRV Officials Meet About 'Corridor' [BUSINESS DAY 13 Dec]	1
SRV Admitted to ASEAN Port Association [VNA]	1
Malaysia 'Confident' of Meeting AFTA Deadline [THE STAR 13 Dec]	2
AFTA Conference Addresses Reported [BANGKOK POST 13 Dec]	2
Malaysia: Launch of EAEC Sans Japan Possible [THE STAR 13 Dec]	3
Malaysian Minister Urges ASEAN Economic Plan [BANGKOK POST 13 Dec]	4
Ramos Arrives in Bangkok for ASEAN Summit [Quezon City Radio-TV]	5
Fifth ASEAN Summit Opens in Bangkok	5
Philippine President Speaks [Bangkok TV]	5
Thailand's Banhan Gives Speech [Bangkok TV]	7
Singapore's Goh Addresses Summit [Bangkok TV]	9
Indonesia's Suharto Gives Speech [Bangkok TV]	11
SRV's Vo Van Kiet Gives Speech [Bangkok TV]	13
Malaysia's Mahathir Gives Speech [Bangkok TV]	14
Alatas Views Burmese Participation in ASEAN [BANGKOK POST 14 Dec]	16

NORTHEAST ASIA

Japan

New Envoy Downplays Trade Disputes With U.S. [KYODO]	18
Reportage on Cuban President Castro's Visit	18
On 'Relationship' With Clinton [Tokyo TV]	18
On U.S. 'Hostility' [KYODO]	18
Police Arrest Misawa-Based U.S. Airman [KYODO]	19
Security Council Approves Golan Heights Mission [KYODO]	19
Kono on Plan To Consider Recognition of Bosnia [NIHON KEIZAI SHIMBUN 11 Dec]	20
Kono: Cooperation on 'Global' Bosnia Problem [ASAHI SHIMBUN 12 Dec]	20
Kono Announces Plan To Visit China 18 Dec [KYODO]	20
Diet To Review Military Training With U.S. [YOMIURI SHIMBUN 9 Dec]	21
Base Protesters Plan Rally Before Clinton Visit [OKINAWA TIMES 13 Dec]	21
Okinawa Leaders Reject 'Public Notification' [RYUKYU SHIMPO 13 Dec]	21
Okinawa Officials View U.S. Official's Proposal [RYUKYU SHIMPO 14 Dec]	22
Kato on Base Issue; DPRK Economic 'Disorder' [ASAHI SHIMBUN 12 Dec]	23
Official on Need for Noise Reduction Accord [ASAHI SHIMBUN 12 Dec]	23
Officials on PRC Research off Senkaku Islands [NIHON KEIZAI SHIMBUN 13 Dec]	23
Impasse Continues Over 5-Year Defense Budget [KYODO]	23
Procurement Proposal on SDF Equipment Revealed [NIHON KEIZAI SHIMBUN 12 Dec]	24
Poll Shows 'Record High' Disapproval of Cabinet [KYODO]	24
Murayama Considers Premium Rate 'Has Peaked' [KYODO]	25
STA Chief: 'Disclosure' Needed on Reactor Leak [ASAHI SHIMBUN 12 Dec]	25
Reactor's Sodium Leak Among World's 'Largest' [KYODO]	25
Government To Maintain Domestic Rice Prices [KYODO]	26
Panel Urges Murayama To Cut Government Spending [KYODO]	26
Panel Urges Easing Land Tax To Revive Economy [KYODO]	27

Nikkeiren To Oppose Pay Hikes Next Spring [KYODO]	27
Mitsubishi To Sell GSM-Based Phones in Asia [KYODO]	27
Venture To Produce Ferrochrome in Zimbabwe [KYODO]	28
Semiconductor Manufacturer Opens Taiwan Office [KYODO]	28
Sanyo Announces PRC Air Conditioning Venture [KYODO]	28
Debate on U.S.-Japan Security Alliance Reported [THIS IS YOMIURI Sep]	29
Importance of U.S.-Japan Security Treaty Noted [CHUO KORON Sep]	35
Journal Views Next U.S. Move on Market Issues [EKONOMISUTO 22 Aug]	39

North Korea

U.S. Defense Official's Remarks Denounced [Pyongyang Radio]	41
Hostile U.S. Military Policy Noted [KCNA]	42
Reaction to U.S. Propaganda of DPRK 'Threat' [KCNA]	42
U.S. 'Threat' Claim Denounced [Pyongyang Radio]	42
ROK 'Aerial War Exercise' Reported [KCNA]	43
Kim Yong-sam's Remarks on North's Military Noted [KCNA]	44
Kim Yong-sam Urged To Admit to 'Crimes' [KCNA]	44
Commentary on ROK's 'War Exercise' [Pyongyang Radio]	45
Japan's Responsibility for Comfort Women Viewed [KCNA]	46
DPRK, Russia, PRC Sign Tumen River Pact [KCNA]	46
Gorbachev's Bribe From No Tae-u Reported [KCNA]	46
Sihanouk Recognizes Only DPRK, Not ROK [KCNA]	47
Kim Il-song's Party-Building Efforts Lauded [Pyongyang Radio]	47
Situation Since Kim Il-song's Death Reviewed [THIS IS YOMIURI Nov]	49
Kim Chong-il Sends Thanks to Workers [KCNA]	55
Kim Chong-il's Letter to UAWP Reviewed [KCNA]	55
ROK Students Read Biography of Kim Chong-il [KCNA]	56
Kim Chong-il Sends Birthday Table to Professor [KCNA]	56
Greetings Sent to Socialist Party of Uruguay [KCNA]	56
Kim Chong-il Work Publication Reviewed [KCNA]	56

South Korea

U.S. Not To Shoulder Reactor Expenses [CHOSON ILBO 14 Dec]	57
Dailies React to Settlement in LWR Talks [CHOSON ILBO 14 Dec, etc.]	57
Kim Chong-il Reportedly To Visit China in Mar [HANGYORE SINMUN 14 Dec]	59
Japanese Daily Reports DPRK 'Wartime Posture' [Seoul Radio]	59
Further on Report [Seoul Radio]	59
Article Views DPRK's 'Double-Dealing' Tactics [CHOSON ILBO 14 Dec]	60
North's Efforts To Earn Foreign Currency Viewed [CHOSON ILBO 14 Dec]	60
YONHAP Views Agreement on Reactors	61
Firms Move To Procure Rights to Nuclear Plants [YONHAP]	62
Cars To Be Shipped to DPRK's Najin-Sonbong [CHOSON ILBO 14 Dec]	62
DPRK Winter Fuel Shortage Forecast [NAEWOE TONGSIN 9 Nov]	63
Shortage of Pickled Cabbages Expected in DPRK [NAEWOE TONGSIN 9 Nov]	64
Red Cross Decries Apathy, Urges Help for North [YONHAP]	65
'Sources' Reveal PRC Report on North Situation [CHOSON ILBO 14 Dec]	66
PRC Predicts DPRK 'Southward Aggression' [CHOSON ILBO 14 Dec]	66
Foreign Ministry Welcomes Bosnian Pact [YONHAP]	67
Kim, Hungarian Prime Minister Hold Meeting [YONHAP]	67
Horn Urges Investment [YONHAP]	67
Article Views Significance of Kim Statement [CHOSON ILBO 13 Dec]	68
Paper Reviews Background of President's Statement [TONG-A ILBO 13 Dec]	68

Prosecution Questions Choe Se-chang, U Kyong-yun [YONHAP]	69
Parties Criticize Choe for Not Cooperating [THE KOREA TIMES 14 Dec]	69
Year-End Views Kwangju Incident [YONHAP]	69
'Substantial Progress' Made in Chon Fund Probe [YONHAP]	71
Choe Reportedly Received Money From Chon Tu-hwan [YONHAP]	71
Further on Receipt of Money [YONHAP]	71
Ruling Party Examines Postponement of Reshuffle [MUNHWA ILBO 13 Dec]	72
Ruling Party To Withhold Political Dialogue [YONHAP]	73
Conflict Over Special Law Expected [THE KOREA HERALD 14 Dec]	73
Political Parties Discuss Amendments, Laws [THE KOREA HERALD 14 Dec]	74
Article Assesses Parties' Stands on Issues [THE KOREA HERALD 14 Dec]	74
Hanbo Chairman Released for Poor Health [YONHAP]	75
Ministry on Steps To Improve Investment Climate [THE KOREA TIMES 14 Dec]	75
Ministry To Raise Imported Oil Tariffs [THE KOREA HERALD 14 Dec]	76
Editorial Urges Revival of Ethics in Business [THE KOREA HERALD 14 Dec]	76

SOUTHEAST ASIA

Burma

Representatives Submit Papers to Convention [Rangoon TV]	78
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Brunei, Malaysia & Singapore

Malaysia

Bombing Plot Suspect Held at 'Undisclosed' Site [THE STAR 14 Dec]	78
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Singapore

Goh Chok Tong Interviewed on ASEAN's Future [BANGKOK POST 13 Dec]	79
---	----

Cambodia

Ranariddh, Hun Sen Leave for ASEAN Summit [Phnom Penh Radio]	83
Number of Lieutenant Colonels, Majors Reduced [REAKSMEI KAMPUCHEA 14 Dec]	84
Improved Measures Urged To Ensure Food Supply [REAKSMEI KAMPUCHEA 14 Dec]	84

Indonesia

ASEAN Nuclear Weapons-Free Zone Pact Viewed [Jakarta Radio]	84
Minister on Security Agreement With Australia [ANTARA]	85
Commentary: Australian Ties To 'Remain Good' [Jakarta Radio]	85

Laos

Investment Meeting Held With Singapore Board [KPL]	86
Government Regards Hmong Refugees as 'Terrorists' [PHUCHATKAN 13 Dec]	86

Philippines

Suspected Terrorist Reportedly Trained Abu Sayyaf [AFP]	87
Bosnia Said Possible Training Ground for Rebels [AFP]	87

Thailand

Air Force Views U.S. Refusal To Sell F-18's [THAILAND TIMES 14 Dec]	88
Burma Asks Payment for Border, Fisherman Damages [THE NATION 13 Dec]	88
ASEAN Efforts on East Asia Economic Caucus [THAILAND TIMES 14 Dec]	89

Vietnam

SRV Designation To Host 1998 Summit Applauded [VNA]	89
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Thai, Lao, SRV Officials Meet About 'Corridor'

*BK1312142595 Bangkok BUSINESS DAY in English
13 Dec 95 p 3*

[Report by Wisut Phothong]

[FBIS Transcribed Text] Thai, Laotian and Vietnamese officials have resolved to proceed with construction of the East-West Corridor — a transport route linking Mukdahan Province in the Northeast, the Laotian border town of Savannakhet and Dong Ha in Vietnam — at meetings last week, a project steering committee source said yesterday.

The East-West Transport Corridor Study Meeting held between December 9-12 in the Laos capital agreed to construct a bridge across the Mekong River linking Mukdahan and Savannakhet, and to upgrade the existing Highway 9 to Dong Ha, to form part of the arterial route, the source said.

During the meeting, the Laos Chief Minister of Transport, Communications, Post and Construction questioned the Thai delegation on how a slated second bridge linking the two countries would be funded.

"We will explore all options, including having the Thai government building and operating the bridge, calling in the private sector to construct the bridge, or have the Laos government funding the project itself," the source quoted a Laotian delegate as saying.

The Thai delegation recommended that tenders be called for construction of the project and that a viable investment strategy was a fundamental prerequisite to the project being undertaken.

They said such a plan must include an evaluation of existing applied highway building technologies in the region and the means of upgrading the status of Vietnam's port at Da Nang.

The project consultant agreed to incorporate its preliminary findings in the Steering committee's progress report for its next meeting at Da Nang in February.

The Vientiane meeting also discussed the importance of developing Vietnamese ports and associated infrastructure to facilitate the corridor.

Some delegates drew attention to Cua Lo in Laos as a possibly important port and major transit point between Thailand and northern Vietnam.

According to the minutes of the meeting, the port is currently experiencing remarkable growth as a transit center, and while "such growth momentum may not last for long, could be an important thrust to build up traffic and subregional cooperation."

The consultant pointed out that the economic evaluation of the project needed to concentrate on feasible investment strategies, such as the renovation of Highway 8.

The source said the meeting requested that the Asean Development Bank (ADB) and the Secretariat of the Mekong River Commission (MRC) assist in providing information on cross-border issues for discussion at the next meeting in Vietnam.

The steering committee agreed to provide all necessary information to the consultant, enabling full cooperation in the drafting of the final report in the next two months.

The East-West Transport Corridor Study is being funded by the French government, administered by the Asian Development Bank and executed by the Secretariat of the Mekong River Commission.

The study aims to establish a strategy and specific program of action on the development of key infrastructure facilities, based on detailed feasibility studies of the arterial route.

SRV Admitted to ASEAN Port Association

*BK1012083695 Hanoi VNA in English
1227 GMT 9 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec.9 — The ASEAN Port Association (APA) has recently concluded its annual meeting in Singapore, bringing together all six regular member countries, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, and voting to admit the seventh and newest ASEAN member, Vietnam.

At the conference, APA discussed amending its standing rules and name as well as various measures to unify member countries' port procedures, regulations and fees. They also exchanged experiences and views on port planning, construction and management, container shipping, and the training of port management.

The Vietnamese delegation to this year's conference was headed by the general manager of Saigon port, Tran Van On, who is also president of the Vietnam Port Association.

The marine department of Vietnam has just launched its 'Strategy for Seaport Development to the Year 2000,' which envisages seaports developing a handling capacity of 60 to 70 million tonnes by the year 2000 — two times higher than the anticipated volume in 1995.

To make full use of the ports and eliminate competition between them, the Vietnam Seaport Association was set up in June to aid national port development. Director of the Saigon port, Tran Van On, was elected chairman

of the association. He said that the purpose of the association is to link all the seaports of Vietnam in a uniform professional organisation mutually assisting each other economically.

In the overall development plan a group of seaports in the south will play the key role by expanding their handling capacity to 32 million tonnes per year. The Saigon, Ben Nghe and Tan Thuan ports will be updated and modernised. In the north, Haiphong and Cai Lan ports will contribute to the projected rise in handling capacity of up to 26 million tonnes per year, of which 40 percent will be containerised goods. In central Vietnam, the seaports will handle 10 million tonnes. Apart from investment in modernising the ports and expanding capacity, the marine department of Vietnam also aims to develop long-term base deep-water ports like the ports of Thi Vai and Cai Lan.

Malaysia 'Confident' of Meeting AFTA Deadline

BK1312142995 Kuala Lumpur THE STAR in English 13 Dec 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bangkok — Malaysia is confident it will be able to meet the ASEAN Free Trade Agreement [AFTA] deadline and reduce tariffs to zero per cent for most products by the year 2000.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said after the Joint Ministerial Meeting yesterday that Malaysia could meet the free trade deadline on 2003.

On reports that Indonesia may not be able to honour the extended 2010 deadline to liberalise its 15 unprocessed agricultural products, she said Malaysia did not want to see any ASEAN country withdrawing products for tariff cuts for too long.

"When a country takes such action (such as Indonesia), then I feel other countries will find every excuse to have their own lists (for withdrawal).

"We would like to see ASEAN as disciplined. In ASEAN, the tariff cuts we made are based on our capacities and efficiency.

On Sunday, the AFTA council created a temporary exclusion list for unprocessed farm products to accommodate Jakarta's insistence on excluding 15 farm products from tariff reduction.

AFTA Conference Addresses Reported

BK1312114995 Bangkok BANGKOK POST in English 13 Dec 95 p 28

[Report by Chirathat Niwatphumin]

[FBIS Transcribed Text] The ASEAN Free Trade Area scheme stands at the forefront of the global trend toward trade liberalisation, according to Deputy Prime Minister Amnuai Wirawan.

"AFTA would allow for domestic industries to be subjected to competition from within ASEAN before being exposed to the vigour of the world market," Mr Amnuai said in his opening address at yesterday's AFTA conference.

Therefore, ASEAN would continually push for a faster pace of liberalisation than that of the World Trade Organisation and Asia Pacific Economic Cooperation forum, he said.

However, the development of AFTA does not represent an insular trading philosophy. "AFTA is not a trade bloc and will never be," Mr Amnuai said.

ASEAN will continue to promote links with other regional groups to foster trade and investment. Last September, the ASEAN economic ministers held consultations with the Closer Economic Relations group of Australia and New Zealand on this point.

Mr Amnuai said ASEAN, was exploring the possibilities of establishing links with signatories of the North American Free Trade Agreement and would look to the Asia-Europe summit in March for the possibilities of an ASEAN-EU tie.

"With prudent but bold strategies, ASEAN could become the core of the world economy," he said.

Under the CEPT (Common Effective Preferential Tariff) scheme, the primary mechanism for AFTA, tariffs on all manufactured and processed agricultural products will be cut to 0-5% by 2003.

It has been agreed in principle that unprocessed agricultural products would be incorporated into the programme, although difficulties over the exact timeframe and extent of liberalisation have been encountered by ASEAN officials in the past week.

Datuk Ajit Singh, secretary general of the ASEAN Secretariat, denied that the difficulties represented a setback to free trade.

He said the debated products represented a trade value of only \$42 million, out of a total intra-regional trade worth \$111 billion in 1994.

In the past week, ASEAN officials have been trying to reach a compromise over Indonesia's resistance to incorporate 15 "sensitive" agricultural items into the AFTA liberalisation scheme.

"AFTA will stay on course," Mr Singh said. Through the programme, the region looks to become one of the world's most effective investment centres, with both consumers and investors benefiting as regional producers gain from economies of scale.

Mr Amnuai urged the ASEAN Chambers of Commerce to promote the new ASEAN Industrial Cooperative programme, a plan which replaces the previous ASEAN Industrial Joint Venture and Brand-to-Brand Complementation schemes.

In addition, the ASEAN-CCI should assist in implementing a coordinated policy supporting small and medium-sized enterprises (SMEs).

Mr Amnuai said small firms must be flexible and innovative to survive in a more competitive environment.

"The era of mass production when factories churn out low cost, identical products for the vast market is phasing out," he said. "Today, manufacturing must produce cheap products that cater to specific needs of different small segments of the market."

Mr Amnuai said firms should not necessarily look to make large investments in the development of new technology, but should instead concentrate on applications and increase efforts toward job training.

Robert Teh, assistant director of the AFTA Unit of the ASEAN Secretariat, said 41% growth in intra-regional trade in 1994 over that for 1993 could be attributed to AFTA.

Of this, trade in CEPT products jumped from \$64.4 billion in 1993 to \$92.6 billion in 1994.

Mr Teh said that with almost 90% of CEPT tariff lines scheduled to have tariffs cut to 0-5% by 2000, "for all practical purposes, we will achieve a free trade area by 2000."

ASEAN will be looking to give increased attention to the issues of quantitative restrictions, non-tariff barriers and customs harmonisation in the future.

Certain quantitative restrictions directly regulate the import of products. Measures such as licensing are used by some countries to track data or gain royalties. Mr Teh called for the private sector to assist in identifying those restrictions which serve as de facto trade barriers, which are scheduled for elimination under CEPT.

He said non-tariff barriers, including technical standards and quarantine measures probably could not be elimi-

nated as they are necessary for ensuring the quality of a given import.

However, he said that under CEPT, non-tariff barriers must be made transparent, with harmonised standards. ASEAN was placing initial priority on dealing with this issue as it applied to the electrical appliances, machinery and chemicals industries.

Customs harmonisation is another field which ASEAN is tackling, with a tariff nomenclature and GATT valuation system in place by 1997.

"You can have a free trade area on paper, but if there are still arbitrary customs procedures in place, then the bureaucracy can hinder the effectiveness of trade," Mr Teh said.

Mr Singh said next year should see an agreement on customs procedures signed, incorporating such issues as regulatory transparency, simplified and consistent treatment of rules and a dispute settlement procedure.

The "Green Lane" policy, due for general implementation on January 1, will expedite customs-clearance procedures for trade in CEPT products. Thailand is due to implement the policy on December 14.

Malaysia: Launch of EAEC Sans Japan Possible

*BK1312142795 Kuala Lumpur THE STAR in English
13 Dec 95*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bangkok — The concept of a loose consultative forum in East Asia has already started on an informal basis and ASEAN is waiting for Japan to come on board before launching the caucus formally.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said the East Asia Economic Caucus (EAEC) could be launched without Tokyo but ASEAN was giving Japan time as it would look bad on the country if it isolated itself.

"You have Australia and New Zealand claiming to be part of East Asia. People will ask what is wrong with Japan if it stays out. Does Tokyo want to be out?"

"At this point we are still waiting as we understand Japan has its own problems but the EAEC has started with the various informal meetings at East Asia level.

"It is already there in the various forms but we would like a more formalised ministerial level to have an overall view. We are seeing the evolution of the EAEC gradually," she added.

Speaking to newsmen after delivering a keynote address at an AFTA [ASEAN Free Trade Agreement] convention

here, Rafidah said EAEC would be discussed at the leaders summit and there would be a reference to EAEC in the leaders' declaration.

Replying to a question from the floor at the convention earlier, the minister said ASEAN intended to pursue the EAEC and she did not see why the grouping needed the blessing of other countries to launch the caucus.

"When you get married, you only need the blessing of your own parents. You don't go about getting blessings from other people's parents. When NAFTA was launched, the United States never sought the blessings of others.

"In AFTA, the US made no fuss because both US and Japan are not in. In NAFTA, Japan is out so there was no fuss from US. In APEC [Asia-Pacific Economic Cooperation], both the powers are in so there was no fuss again.

"But now that Japan is to be in a loose forum of EAEC where US is excluded, you suddenly get all sorts of connotations.

"Some people in Japan know EAEC is good but they cannot say so. They have a fish bone stuck in their throat."

Rafidah said APEC would never become a competition to ASEAN and likened APEC to a friendship while ASEAN was a marriage.

"APEC is not even boyfriend-girlfriend. If any ASEAN member puts APEC on the same level, then we are in trouble," she said, adding that Indonesian Foreign Minister Ali Alatas had last month referred to APEC as a marriage but the two were far apart.

Malaysian Minister Urges ASEAN Economic Plan

*BK1312085895 Bangkok BANGKOK POST
in English 13 Dec 95 p 6*

[Report by Darani Kothandapani]

[FBIS Transcribed Text] The Association of Southeast Asian Nations should draft an economic master plan to take the region beyond the creation of its free trade area in 2003, Malaysia's trade minister proposed yesterday.

The suggestion was put forward by Datuk Sri Rafidah Aziz, Malaysia's international trade and industry minister, at a seminar in Bangkok on the ASEAN Free Trade Area.

She proposed activities linking companies in all ASEAN member states leading to the creation of Pan-ASEAN airlines, shipping lines, banks and financial institutions. She envisaged ultimately the creation of product and services with an ASEAN identity.

Datuk Sri Rafidah said the master plan should also outline new areas of cooperation between the public and private sectors, and between private parties.

She suggested a pooling of research and development capability to form an ASEAN-based network, and a strategy to help ASEAN economies develop in a way that would enable them to support each other instead of competing. This would be in terms of natural, human, financial and other resources.

Later, she told journalists she would discuss this idea with her colleagues to find out whether it was feasible.

"Unless we do this, we in ASEAN will not be able to chart a future as good as it could be. We are more or less ad-hoc now."

An economic master plan might take two years to devise, but it would serve as a guideline, enabling the countries involved to plan their educational systems, training programmes, and investment strategies in the private sector to meet its targets. It could be implemented by successive governments, she said.

"We in ASEAN can even identify, five years from now, which industries can be promoted as ASEAN industries to challenge the large industries of the world."

Datuk Sri Rafidah was asked to comment on Indonesia's reservations about meeting the 2010 deadline for bringing its list of 15 "sensitive" agricultural products into the AFTA programme.

"We believe that, in the spirit of commitment which Indonesia talks about, she will adhere to this," she said.

However, as far as Malaysia is concerned, "we would like to put a date there. Unless we put a target date, it might start a new trend, where each country says if you can do it, why can't I?"

The Malaysian minister sees this as no barrier to the AFTA process.

"At the moment it is not serious. This is only a small hassle. But we should not waste our energy hassling about these little things," she said.

The minister suggested the private sector of ASEAN adopt a more pragmatic approach and refrain from asking to place products on the sensitive list for reasons of minor or "unreal" difficulties.

During her speech, she said: "The question is whether the ASEAN private sector is willing and ready to face increased liberalisation. As more subsectors come in for tariff reduction, will industry use political pressure to put products on the exclusion list?"

"Sometimes political decisions over-ride economic sensibility, but economic sensibility must prevail. AFTA is market driven and it has to be driven on those lines."

In a veiled reference to Indonesia, Datuk Sri Rafidah cited the case of wheat flour and some other products, which are proposed for indefinite exclusion from ASEAN free trade even though they are not produced in any ASEAN member state.

"But one ASEAN member wants it (wheat flour) on the exclusion list."

This is reminiscent of the Preferential Trading Arrangement - ASEAN's earlier and ineffectual tariff-cutting exercise - which reduced tariffs on products of little use to ASEAN members such as snow ploughs.

Ramos Arrives in Bangkok for ASEAN Summit

BK1412030795 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 13 Dec 95

[FBIS Translated Text] A strong economy will result with the disappearance of nuclear arms from the ASEAN region. This is the goal of the Southeast Asian leaders' summit currently being held in Bangkok, Thailand.

President Ramos, together with the first lady, has arrived in Thailand aboard a special PAL [Philippine Airlines] 737 flight. Ramos is set to visit Cambodia after the summit, before returning to the country in the afternoon of 18 December.

Fifth ASEAN Summit Opens in Bangkok

Philippine President Speaks

BK1412083595 Bangkok Army Television Channel 7 in Thai 0327 GMT 14 Dec 95

[Speech by Philippine President Fidel Ramos to the opening session of the Fifth ASEAN Summit in Bangkok — live; in English]

[FBIS Transcribed Text] Your Excellency Banhan Sinlapa-acha, prime minister of Thailand and chairman of this fifth summit of the ASEAN leaders, Your Majesty and Your Excellencies, the heads of government of the Association of Southeast Asian Nations, ASEAN, Your Royal Highnesses, Excellencies, ladies and gentlemen:

My delegation and I are deeply grateful to you, Mr. Prime Minister, our chairman, and to the government and the people of Thailand for the extraordinary warmth with which we have been welcomed.

Their majesties, the king and queen, have been particularly hospitable and specially gracious in consenting to receive the heads of government and their ladies later

today. And we once more felicitate their majesties for the 50th anniversary of their ascension to the throne of the Kingdom of Thailand.

The special welcome and hospitality accorded to all of us in Thailand's unique style are a mark not only of the ASEAN spirit of amity and solidarity, they also speak of the exceptional significance which Thailand has always ascribed to ASEAN.

On this occasion, in behalf of the government and people of the Republic of the Philippines, I likewise welcome Vietnam to our ASEAN family.

It is appropriate that in this Fifth ASEAN Summit, we should be meeting here in Bangkok — the place of ASEAN's birth. Here, 28 years ago, ASEAN's founders raised their eyes to the lofty vision by prosperous and peaceful community of Southeast Asian nations.

Over the next two days, we, the successors, will be reaching a higher peak on the way to the summit of that vision. And by the time we leave this great city, we will have marked ASEAN's attainment of a level of cooperation from where we can launch our final ascent to the heights of mutuality, integration, and community.

Not long after its founding, ASEAN set forth the concept of a Southeast Asia as a zone of peace, freedom, and neutrality, or ZOPFAN. Today, most of the components of such a zone are in place and the process of building ZOPFAN continues.

At the first ASEAN summit in 1976 in Bali, the heads of government signed a Treaty of Amity and Cooperation in Southeast Asia to which Brunei Darussalam acceded in 1984 and Vietnam in 1992.

Today, all 10 Southeast Asian countries are signatory to the Bali Treaty and others have expressed their wish to be associated with it.

ASEAN has demonstrated its capacity to deal with problems of security in the region through its role for instance in the successful search for a political settlement of the Cambodian conflict. And thus, to contribute collectively and significantly to regional and international peace and stability.

Despite the overlapping claims of some members of ASEAN to some areas of the South China Sea, ASEAN has remained united in its call for a peaceful resolution of the disputes there and for the conduct of cooperative activities that build confidence and preserve from destruction the sea's natural riches.

ASEAN has established the ASEAN Regional Forum, or ARF, in which our countries and others with interest in the regions consult on questions of regional peace

and security. ASEAN has also coordinated its positions on disarmament questions at the United Nations and elsewhere, including nuclear testing and nuclear disarmament.

Tomorrow, together with the three other countries of Southeast Asia — Laos, Cambodia, and Myanmar [Burma] — we will sign the Treaty of a Southeast Asia Nuclear Weapons Free Zone. This treaty will be ASEAN's and Southeast Asia's contribution to the cause of nonproliferation of nuclear weapons and to the tranquility of our region.

ASEAN has thus proved itself to be a force for peace and stability. Now, we must consolidate our achievements and move on to higher stages of political cohesion. Let us accelerate the work of [drawing] up the modalities by which non-regional states can associate themselves with our Treaty of Amity and Cooperation and give that treaty greater weight as an instrument of peace.

But let us go beyond the very useful consultations of the South China Sea and work on measures to demilitarize, to demilitarize that area and conserve its natural resources and ecological balance together with others if possible, by ourselves in ASEAN as a matter of necessity.

Let us promote the concept of each littoral state around the South China Sea assuming stewardship over the area closest to it without prejudice to sovereignty claims and pending the settlement of those claims in accordance with the ASEAN Manila Declaration of 1992.

Let us urge the nuclear powers to accede to the protocol to the Treaty on a Southeast Asia Nuclear Weapons Free Zone. And by reviewing the protocol on addressing the legitimate concerns and interests, encourage them to remain faithful to the letter and spirit of the treaty.

The signing of the treaty by the heads of government of all 10 Southeast Asian states is a moment of great significance in regional history. So is our meeting with the three other leaders of Southeast Asia tomorrow because it advances the building of a Southeast Asian community, with ASEAN at its core — a community that we all desire and a vision to which ASEAN's founders aspire.

Let us get Cambodia, Laos, and Myanmar involved whenever possible and wherever appropriate in ASEAN's activities in our political, economic, and functional cooperation so that the purposes of a Southeast Asian community, propelled by ASEAN, are served even before their formal admission into our association. Progress towards a Southeast Asian community without considerable weight to ASEAN in

its influence on the world and in dealing with the big powers. [sentence as heard]

Tomorrow, we will also be validating ASEAN's decision to accelerate the ASEAN Free Trade Area or AFTA by the year 2003 and committing ourselves to other measures for further and faster liberalization of trade within AFTA. The efficacy of such liberalization has been demonstrated conclusively by the surge in intra-ASEAN trade. We will also be expanding the scope of trade liberalization by committing ourselves to remove all quantitative restrictions and non-tariff barriers in intra-ASEAN commerce, placing all agricultural products under AFTA's potential coverage and including services within the range of trade liberalization.

We have also decided to adopt intellectual property rights or IPR as an object of ASEAN economic cooperation and to make trade easier for our businessmen and to attract investments more effectively into ASEAN. The Philippines will support measures that facilitate trade including the harmonization of standards and of customs procedures. Having achieved considerable progress in our economic cooperation we must now move on to a higher plane of economic integration. The Philippines welcomes the agenda for greater ASEAN economic integration which our ministers have commended to us.

The Philippines places particular importance on cooperative schemes that will enhance ASEAN's attractiveness as an investment destination and as a competitive investment region and we support measures to strengthen cooperation in modernizing infrastructure specially in transport and communications. We have a deep interest in ASEAN cooperation in developing small and medium scale enterprises or SME's which gives vigor and energy to a nation's economy and we should mandate our ministers to devise tactical ways for our business sectors to invigorate, expand and strengthen networks of contact and information so that our policies can be given vibrant life by putting in place, business arrangements that benefit our economies and the masses of our people.

By all means let us intensify our ASEAN consultations and caucuses. In the World Trade Organization, WTO; the Asia-Pacific Economic Cooperation, APEC; the European Union, EU and other multilateral economic bodies. As APEC chairman for 1996, the Philippines will be consulting constantly with ASEAN to ensure a well harmonized Manila Action Plan for APEC or what we now call, MAPA '96; and on other APEC issues.

The Filipino people and I would be deeply grateful for the help and cooperation that we hope to receive — and I say, surely we will receive — from all of you and your governments in the arduous task of moving APEC's

purposes forward into the meetings in the Philippines within the next 11 months and in maintaining ASEAN's central role in the APEC process.

ASEAN has had great success also in the areas of human development and social concerns. Let us broaden these areas and dare to address the new trans-national problems that challenge ASEAN's capacity for cooperation. Phenomena such as the large scale migration of labor, the trafficking in women and children, and the growing menace of international terrorism. These are realities of existence we cannot deny and the need to deal with them in firm but cooperative ways is something, we at ASEAN cannot neglect.

Over its 28 years, ASEAN has acquired significant influence in the world. ASEAN has attained this stature by consistently acting with solidarity and cohesion within itself and on the world stage. It has manifested its capacity through an expanding web of relationships over a broad range of human endeavors, both among governments and among private groups and individuals in an immense variety of fields. We must now deepen ASEAN's identity by sharpening and broadening its own people's consciousness of ASEAN, its member countries and its plural cultures through our mass media, through our schools, through our textbooks. Let us intensify our people's awareness of one another and of ASEAN as an institution of great value in their lives. Let us ask our ministers, officials, and experts to devise without delay a purposeful program for bringing this about.

Your Majesty, Your Highnesses, Excellencies, today at this fifth summit we may congratulate ourselves on how far we have come, but here we must also consolidate what we have achieved. Then, we must advance with the resolute vigor of political will to greater heights of economic openness and cohesion, functional cooperation and popular acceptance. This is the higher mission to which we must devote ourselves as we move on to our next summit and unto the 21st century.

Salamat po sa inyong lahat, Sawatdee Krup, Thank you all.

Thailand's Banhan Gives Speech

*BK1412121295 Bangkok Army Television Channel 7
in Thai 0415 GMT 14 Dec 95*

[Speech by Thai Prime Minister Banhan Sinlapa-acha at the opening session of the Fifth ASEAN Summit in Bangkok — live]

[FBIS Translated Text] Your Majesty, Excellencies, Ladies and Gentlemen:

The vision that has inspired ASEAN's founding fathers since the creation of ASEAN a quarter of a century ago continues to guide us as we strive to make Southeast Asia a region of peace, prosperity, and harmony. I have listened with great interest to my colleagues speaking before me. Your thoughts and visions on ASEAN and the region are deeply valuable and serve as an inspiration to us all. As ASEAN advances ever closer to embracing all of Southeast Asia, we must ensure that the new ASEAN of the 21st century, while still adhering to the spirit of the founders, is able to stand on an equal footing with other countries in the post-Cold War era and meet the aspirations of all our people. I believe the focus of our cooperation should be along three important lines — how to direct ASEAN toward one Southeast Asia, how to widen and strengthen ASEAN economic cooperation, and how to make ASEAN a bigger part of our peoples' daily lives.

ASEAN has come a long way since its establishment 28 years ago in Bangkok. The accomplishments of ASEAN and its individual members are often held up as models for regional cooperation and economic progress. Just as a strong ASEAN helps dispel clouds of insecurity in the region, the community of one Southeast Asia living in harmony will be a strong safeguard for peace and prosperity in this part of the world. Recent developments indicate the dawning of a hopeful new era for Southeast Asia. All 10 countries in the region have acceded to the Treaty of Amity and Cooperation in Southeast Asia. We welcome Vietnam to our ranks, and are pleased that Laos and Cambodia have announced their intention to join us as members in the near future. Myanmar [Burma], meanwhile, has sought observer status in ASEAN. Our meeting with the heads of government of Myanmar, Laos, and Cambodia tomorrow will allow us to begin a process of political dialogue and consultation for the establishment of one Southeast Asian community. ASEAN will then consist of 10 members. That is the vision Thailand initiated and has fully supported all along. I hope that a similar meeting of the 10 countries will also be held at the next ASEAN summit in Vietnam.

With the end of the Cold War, one of ASEAN's most crucial and immediate tasks is to consolidate peace. ASEAN has consistently sought to anticipate and adapt to regional security changes through such initiatives as the Treaty of Amity and Cooperation and the Zone of Peace, Freedom, and Neutrality concept. The convening of the ASEAN Regional Forum, or ARF, for the first time in 1994 in Bangkok continued that tradition. It has also enabled ASEAN to play an important role in today's revolving regional security environment. Thailand is, therefore, supportive of the

ongoing elaboration of the ARF process. The ARF meeting in Indonesia next year will allow ASEAN to consolidate its strength and credibility further.

The signing of the Southeast Asian Nuclear Weapons-Free Zone Treaty tomorrow is another ASEAN success in maintaining regional peace and stability. The conclusion of the treaty comes at an opportune time as the international community pushes strongly for the Comprehensive Nuclear Test Ban as well as the reduction and elimination of nuclear weapons.

Your Majesty and Excellencies, I am very proud of ASEAN's progress and achievements in economic development. ASEAN's ongoing preparations for the ASEAN Free Trade Area, or AFTA, prove to the world ASEAN's commitment to the promotion of economic cooperation. I wish to congratulate and welcome Vietnam in joining ASEAN's economic cooperation endeavors, including AFTA. Its admission will strengthen ASEAN's economic dynamism even further. It is widely acknowledged today that ASEAN is an important regional economic organization, but ASEAN should not be satisfied with its achievements. Indeed, ASEAN must continue to deepen and widen its cooperation with a view to becoming more integrated and responsive to the changing world economic environment after the conclusion of the Uruguay Round of multilateral trade negotiations. The trend toward economic liberalization at the global and regional levels will also lead to increased competition. ASEAN, therefore, needs a broad and advanced vision. It must also cooperate even more closely to remain competitive in the global marketplace.

Toward this aim, I have a few proposals to make. First, ASEAN must increase its role and prestige in international fora and ensure that its economic cooperation endeavors proceed faster than those under the framework of the World Trade Organization and the Asia-Pacific Economic Cooperation forum. In this connection, ASEAN must play a role in influencing the future direction of the world economy during both the Asia-Europe meeting that will be convened in Bangkok in March 1996 and the first WTO ministerial meeting that will be held in Singapore at the end of 1996.

Second, ASEAN must broaden and deepen its cooperation and become more consolidated. The acceleration of the AFTA process and the inclusion of agricultural products in AFTA is a move in the right direction and should be continued with a view to achieving concrete results. If AFTA is to become a truly free trade area, I propose that we aim to reduce tariffs to zero by 2003.

Third, ASEAN must extend its cooperation from merchandise trade to include trade in services. The liberalization of the merchandise trade alone is not enough

given the ongoing and wide-ranging economic liberalization efforts underway around the world. I think the proposal by our economic ministers to hold negotiations on liberalization over the next three years is too long. I propose that these negotiations be reduced to just one and a half years, particularly for sectors in which ASEAN is ready, such as tourism, banking and finance, and telecommunications.

ASEAN has never lacked cooperation. The various programs proposed by our economic ministers cover a comprehensive range of sectors, including energy, agriculture, investment, and transport and communications. We must ensure that concrete results are achieved toward this end by coordinating our policies, actions, and budgets. In addition, ASEAN must play a role in linking the economies of different regions. In particular, it must play a central role in the quest for an effective multilateral trading system. If ASEAN is able to implement these proposals, I am confident that it will become one of the world's more important economic groups.

Your Majesty and Excellencies, the world today is a world of technology and economies that are interrelated and advanced at an unprecedented level. In such circumstances, human resources will determine our progress. As ASEAN society develops and grows, a well-educated citizenry will be indispensable to sustaining economic and social development. ASEAN therefore must attach importance to human resources development to enable our people to realize their full potential to contribute toward the region's further progress. This cooperation should be in such areas as research and development, upgrading our human resources, and technology transfer. As ASEAN cooperation intensifies, a common ASEAN identity will gradually take root among the people. This is consistent with our aim of making ASEAN not merely an association of states, but a community of people. To foster an ASEAN identity and awareness, we need the cooperation and involvement of the media, educational institutions, and citizen groups. We should hold regular dialogues. I hope that before the next ASEAN summit, such dialogues will have already materialized. ASEAN needs to be part of our people and our people need to be part of ASEAN.

I say that the ASEAN heads of government should hold informal meetings every year that there is not a formal summit meeting. These informal meetings will give us the opportunity to coordinate our opinions and operations more effectively in the fast-changing world. Therefore, I support the proposal by Prime Minister Goh Chok Tong that ASEAN hold regular informal meetings. As we approach the 21st century, we must explore ways and means to improve our ASEAN organization in conformity with the ever-changing regional and global

situation and in response to the aspirations of the people. Only by so doing will ASEAN be able to achieve its goals successfully.

I now declare the Fifth ASEAN Summit open.

Singapore's Goh Addresses Summit

*BK1412115595 Bangkok Army Television Channel 7
in Thai 0343 GMT 14 Dec 95*

[Speech by Singapore Prime Minister Goh Chok Tong at the opening session of the Fifth ASEAN Summit in Bangkok — live, in English]

[FBIS Transcribed Text] Mr. Chairman, Your Majesty, Your Royal Highness, Your Excellencies, Ladies and Gentlemen:

On behalf of Singapore and myself, I thank you, Mr. Chairman, and the people of Thailand for your very warm welcome and hospitality.

Major events have taken place since we last met in Singapore in January 1992. They compel us to reexamine ourselves and see where and how we go from here.

In the area of international trade, the Uruguay Round negotiations were finally concluded and the World Trade Organization set up. Besides AFTA [ASEAN Free Trade Area], other bigger regional trading arrangements have sprung up. APEC [Asia-Pacific Economic Cooperation] in the Asia-Pacific, EU enlarged in Europe, NAFTA in North America, and the MERCOSUR [Southern Cone Common Market] customs union in Latin America. At the national level, China and India have further liberalized their already big economy. Their integration with the international economy will increase competition for market shares, capital, and foreign investment, but it also provides market and investment opportunities for ASEAN.

There were significant political developments as well. The U.S. and Vietnam have normalized ties. Vietnam was welcomed into ASEAN earlier this year. Cambodia and Laos have committed to join. Myanmar [Burma] may follow suit. Before the turn of the century, the ASEAN vision of a community of 10 Southeast Asian countries is likely to become a reality. ASEAN's brainchild, the ASEAN Regional Forum, ARF, is now part of the regional security architecture. But at the same time, the general mood of optimism in the Asia-Pacific has been clouded by the downturn in Sino-U.S. relations, the deterioration in China-Taiwan ties, the increasing difficulty in the U.S. defense relationship, and the rival claims over the Spratly Islands.

It is, therefore, timely to examine how ASEAN can manage the challenges and seize opportunities to sustain and perhaps even accelerate its growth momentum. Our summit must focus on how ASEAN can remain competitive and relevant in the future; how we can integrate its economies and combine the members' strength and resources to give our people a better life and to keep the region free from tension, conflict, and war.

ASEAN has done well. In the last five years, ASEAN grew at an average of 7 percent per annum, outperforming the world average growth rate of 1.6 percent. ASEAN is the world's fourth largest trader after the U.S., the European Union, and Japan. With Vietnam's inclusion, ASEAN now has a total market of over 400 million people. This will increase to nearly 500 million when we are joined by Cambodia, Laos, and Myanmar. Past success, however, is no guarantee for the future. New runners have joined the marathon. Will ASEAN stay ahead, or will we be overtaken by others?

You recall that in 1992, in response to the challenge of economic regionalism elsewhere, we decided to establish the ASEAN Free Trade Area, or AFTA, within the period of 15 years. It was a bold move at that time. By today's standard however, this is no longer bold. For example, under the Uruguay Round, countries have agreed to [words indistinct] for both industrial and agricultural product goods and to reduce them over the next five to 10 years. The European Union common market is embracing Eastern and Central Europe and goods are traded within the EU tariff free. Under NAFTA, tariffs for most Mexican goods entering U.S. markets are either eliminated immediately or will be removed within the next eight years. The MERCOSUR customs union, established on 1 January 1995, has zero tariff levels for about 90 percent of its internal trade and will free tariffs for the remaining 10 percent by the year 2000.

ASEAN is clearly no longer at the head of the trade liberalization process. In terms of economic integration, ASEAN is actually behind other regions. But I am happy to note that ASEAN is not being complacent. In (?most) of last year, they shortened the timeframe for implementing AFTA from 15 to 10 years. There is a proposal to bring about the end date from year 2003 to year 2000. Symbolically this is good; this can be done. Then ASEAN enters a new century with an important task completed. For while this is desirable, it is not critical. The key point is to find ways to increase intra-ASEAN trade.

One such way is to increase foreign direct investment in ASEAN. ASEAN faces strong competitors for capital

and foreign direct investment. ASEAN's share of annual global foreign direct investment almost doubled from 5 percent in 1982 to 1987 to 9 percent in 1992. However, competition from China and Latin America and the Caribbean inclusive of Mexico has been intense. For example, China's share of foreign direct investment more than tripled from 2 percent to 7 percent. For Latin America and the Caribbean, share increased from 9 percent to 11 percent over the same period. If we at ASEAN do not maintain our attractiveness for investors, we will risk being overlooked by them. Besides the fast implementation of AFTA, ASEAN has developed more attractive teamwork of industrial cooperation. It is timely that we adopt this new ASEAN industrial cooperation scheme to replace outmoded existing one.

So, too, with our decision to expand trade liberalization to include services and intellectual property rights. The services sector now contributes the largest share of GDP and employment in the world. The ASEAN framework agreement and services provide for the establishment of preferential trade and services in ASEAN. This will prepare the ASEAN services sector to meet increased international competition. (To prepare for) an agreement on intellectual property cooperation, it's established a safe region for the international business community to confidently bring in its technologies, as well as to foster indigenous R and D [research and development]. This will help trade and investment in ASEAN to move up its technological ladder. For the future, ASEAN must firstly accelerate the pace of trade liberalization within itself, and secondly forge closer link with other trade groupings as a stepping stone to achieve more multilateral liberalization of trade. The two are interrelated.

ASEAN countries do not have the size — the market size — of China or India. To be an effective player for trade liberalization within broader fora like the WTO or APEC, ASEAN must move faster to bring down its own tariffs and also to sell its one united region with uniformly low tariff. The AFTA-CER [Closer Economic Relations between Australia and New Zealand] linkage is a quick first step towards closer links with other regional groups. The Asia-Europe Meeting, ASEM, will be another good opportunity for us to strengthen European interests in our region. For the future, ASEAN should aim to establish and strengthen linkages with groupings like the EU and NAFTA.

The commitment of ASEAN in the countries of the Asia-Pacific to APEC and the ARF demonstrates their clear connection of the key role which both institutions play to help preserve regional peace and prosperity. To reflect our appreciation that economic prosperity is bound up with political security, ASEAN should continue to play an active part in wider regional fora

such as APEC and the ARF. We should also continue to use existing ASEAN instruments to build on regional peace and security and in engaging the major powers.

Our signing of the Southeast Asian Nuclear Weapons-Free Zone Treaty tomorrow is a significant step forward to make Southeast Asia free from nuclear weapons and nuclear proliferation. We invite the five nuclear weapon states to sign the treaty's protocol and undertake to respect and contribute toward ASEAN's aspirations.

ASEAN also would like non-Southeast Asian countries to associate themselves with its Treaty of Amity and Cooperation. The treaty contains principles and a code of conduct for the resolution of disputes to provide a constructive approach to engage extra regional states within the political and legal framework that is consistent with the UN Charter.

Your Majesty, Your Royal Highness, Your Excellencies, Ladies and Gentlemen, as we look ahead I see many parts of ASEAN enjoying Europe's present standard of living in 20 to 30 years' time. There should be a Paris here, a London there, and many developed European cities in Asia. Certainly, some of us should then be classified as high-income countries and others middle-income countries. I hope none of us should be in the low-income category. By 2025, ASEAN will have been expanded to include all countries in Southeast Asia, but we must never become a close inward-looking regional bloc. We must practice outward regionalism; that is, have an outward-looking attitude.

We have already demonstrated this in Bangkok by inviting the other leaders of Southeast Asia to join us here for an informal *tete-a-tete* among the leaders only, without any ministers or officials present. We should build on this precedent and invite other Asian leaders to meet us regularly, informally, to discuss common problems, challenges, and aspirations.

At the 1992 ASEAN summit in Singapore, we decided that our summit should be held once every three years with an informal summit in between if necessary. So far, we have not held any informal summit. It is timely to do so after the Bangkok summit because of the many rapid and profound changes in Asia and the world. ASEAN's relations with its East Asian neighbors have been growing by leaps and bounds. Just look at the trade figures alone. [Words indistinct] for ASEAN has also had increased investment and other economic links with its East Asian neighbors. Much of our infrastructure will be built with Japanese and Korean knowhow. As these links grow, we should begin to meet our East Asian neighbors more frequently. Let me suggest that we invite them when we have our first informal summit, which we can hold 12-18 months from now. This may

or may not be the same idea as Dr. Mahathir's EAEC [East Asia Economic Caucus], but I think it is time for ASEAN leaders to initiate an informal meeting with leaders from Asia, of which we are a part.

Europeans are building their common house of Europe. The extended family home of Asia may be 50 years or even 100 years away, but if we start thinking about it now and begin to take small but concrete steps towards it, Asia can achieve harmony and today's European standard of living in the midst of the 21st century because we will be working toward a common vision. In this Bangkok summit, we must show the clarity of sight in a boldness of purpose on a range of important subjects. Then our peoples can look forward to a new century of peace, growth, and prosperity.

Indonesia's Suharto Gives Speech

*BK1412111995 Bangkok Army Television Channel 7
in Thai 0248 GMT 14 Dec 95*

[Speech by Indonesian President Suharto at the opening session of the Fifth ASEAN Summit in Bangkok — live, in Indonesian]

[FBIS Translated Text] Peace be upon you! Your Excellencies, Heads of Governments, Delegates, and Honorable Ladies and Gentlemen:

First, I would like to take this opportunity to congratulate his majesty the king of Thailand on the 50th anniversary of his ascension to the throne.

On behalf of the Indonesian delegation, I would like to congratulate His Excellency Banhan Sinlapa-acha, prime minister of the Kingdom of Thailand, on his election as chairman of the Fifth ASEAN Summit. I believe that our summit will achieve the results we all desire. I would like to take the opportunity to extend the warm congratulations of the Indonesian Government and people to the government and people of the Kingdom of Thailand as well as my gratitude and that of the Indonesian delegation to the government and people of the Kingdom of Thailand for the warm welcome they have accorded us and their perfect arrangements for this summit.

I would also like to welcome His Excellency Prime Minister Vo Van Kiet and the SRV delegation as they attend as a full member for the first time. Vietnam's admission as a full ASEAN member this year was an important step toward achieving an ASEAN of 10 Southeast Asian countries. Indeed, the aspiration has nearly come true because Laos and Cambodia have become ASEAN observers and Burma has acceded to the Treaty of Amity and Cooperation in Southeast Asia. We should accelerate the realization of the aspiration to enable all

Southeast Asian countries to cooperate with one another in an atmosphere of common harmony, stability, and prosperity under the ASEAN umbrella. We should, therefore, support and help Cambodia, Laos, and Burma to integrate more easily into various ASEAN activities and eventually join ASEAN several years from now. We will thus benefit from the fresh views and opinions they will offer our Association. The eventual expansion of ASEAN's membership to cover all Southeast Asian countries will enhance economic cooperation in the region and simultaneously strengthen regional resilience and our respective national resilience. As ASEAN grows stronger, we will be prepared to implement ASEAN's 21st century agenda on socioeconomic development and the efforts to maintain regional peace and stability. We will be fully prepared to face challenges and take advantage of opportunities in the current era of globalization and interdependence.

Your excellency the chairman and honorable ladies and gentlemen, in the three years since the fourth summit in Singapore in 1992, our Association has made rapid progress in our efforts to develop intra-ASEAN cooperation and cooperation between ASEAN and other countries in the political, economic, socio-cultural, and functional fields. One of the most important developments in the political and security fields during this period was the establishment of the ASEAN Regional Forum [ARF] as a follow-up to our common resolve expressed at the Singapore summit. I hope the forum will enable us to deal with strategic changes in the region so there will gradually be stable relations among the regional and external powers in the next decade. We have charted the development process in the forum in three stages — confidence building measures, the development of preventive diplomacy, and the exploration of various approaches to resolving conflicts. Regional and external powers have positively welcomed ARF, though it is in its infancy. They have actively participated and contributed to the success of the two ARF meetings. Together with other delegates, let us maintain this momentum to enable the forum to develop into an effective forum of dialogue to maintain peace and security in the Asia-Pacific region.

In addition to the forum, ASEAN should continue to explore possible cooperation in the South China Sea to create a conducive climate for the settlement of territorial disputes in the area in accordance with international law, particularly the 1982 Convention of the International Law of the Sea as well as the principles of the Treaty of Amity and Cooperation in Southeast Asia and the 1992 ASEAN Declaration on the South China Sea.

One of the most important decisions at our fourth summit in 1992 was our determination to accelerate the establishment of a Zone of Peace, Freedom, and Neutrality in Southeast Asia. I happily note that we have finalized the Southeast Asian Nuclear Weapon-Free Zone Treaty, which we will jointly sign at this Bangkok summit after a long period of effort. I am fully confident that the treaty will be an important means to enhance regional peace and stability. I would like to urge all countries with nuclear weapons and countries outside the region to honor the treaty by acceding to its protocol. I would also like to take this opportunity to urge the countries possessing nuclear weapons to destroy their nuclear arsenals on the basis of the Nuclear Nonproliferation Treaty and finalize the Comprehensive Test Ban Treaty as the main prerequisite for world peace and security.

We all realize that regional peace will not last long if there is not peace and stability in other parts of the world. Globalization and interdependence require us to create and develop dialogue and working relations with other regions to develop mutually advantageous economic cooperation and maintain international peace and security. Accordingly, Indonesia fully supports the convening of an Asia-Europe meeting in Bangkok in March 1996. I believe the meeting will be an important step to intensify political and economic relations between the two regions.

We should explore ways and forms of cooperation with the United Nations to contribute to efforts to achieve international peace and security as well as develop economic cooperation. The world body, with all its advantages and shortcomings, continues to play a major and irreplaceable role in handling various world problems. On various occasions, including the Nonaligned Movement summit in Cartagena and the recent function marking the 50th anniversary of the United Nations in New York, I stressed that the world ought to be thankful to the United Nations for its success in handling hundreds of conflicts over the past five decades, thus preventing global conflict. The United Nations has also played an effective role as the catalyst for socioeconomic development in developing countries.

Nevertheless, I stressed that a new international order to achieve durable peace, social justice, and common prosperity would not emerge if the United Nations does not immediately readjust itself to meet the current situation. There should be steps to restructure, democratize, and revitalize the body to enable it eventually to become an effective means for peace, as desired by its founding fathers. We should give special attention to efforts to reform the Security Council so that its membership reflects a real balance of power among the world's na-

tions and its dependability is enhanced. We must also step up efforts to enhance the ability of the United Nations to uphold, monitor, and develop peace (on the basis of) preventive diplomacy. Efforts should be made to enhance the ability of the United Nations to promote socioeconomic development.

Though our region is regarded as one of the world's most economically dynamic regions, we cannot afford to be complacent in a world economy marked by globalization and a shift toward the market system. The world economy has just recovered from a prolonged recession. Coupled with globalization, the prolonged recession had a negative impact on developing countries and even led to stagnation and the lowering of living standards in many countries. Nevertheless, developing countries can still pin their hopes on the World Trade Organization, the UN resolutions that support and promote the North-South dialogue, and the principles of partnership in international economic relations.

Realizing that growth and development are directly influenced by international trade, we have decided to move toward market liberalization and support the open multilateral trade system. We have opened up our economies and undertaken reforms in our trade policies to enable our economies to integrate into the world economy. Indeed, very important progress has been made. The Common Effective Preferential Tariffs [CEPT] scheme has been adopted to create AFTA [ASEAN Free Trade Area]. The scheme not only includes the reduction of tariffs and abolition of quantitative and other nontariff barriers, but also steps toward trade facilitation such as the harmonization of [words indistinct] tariff and customs procedures. Within this framework, Indonesia has welcomed the decision to bring forward the CEPT timeframe for AFTA from 2008 to 2003. This decision reaffirms our commitment to enhance intra-ASEAN economic cooperation and strengthen our international competitiveness.

We welcome ASEAN's efforts to liberalize trade and enhance intra-ASEAN cooperation in trade, services, intellectual property rights, industry, and investment. All this will enhance the competitiveness of companies and economic players in our region. Indonesia supports subregional arrangements that have an important role in increasing economic growth and welcomes all efforts to integrate these groups into the mainstream of ASEAN economic cooperation.

The dynamic establishment of a number of regional cooperation groups has become the main characteristic of the international economic system. We must ensure that these regional cooperation groups contribute to the liberalization of world trade and do not divide the

world economic system. In line with ASEAN's policy of supporting open regionalism, we must ensure that the WTO is able to create a truly open, transparent, and multilateral trade system beneficial to all countries, thus spurring economic growth and promoting welfare in the world.

ASEAN has greatly contributed to the efforts to create the trade system through our participation in APEC [Asia-Pacific Economic Cooperation]. The results of the APEC economic leaders meeting in Osaka last month have reaffirmed the determination of the APEC economies to achieve the target set in the Bogor Declaration and consistently adhere to commitments under the Uruguay Round of multilateral trade talks. I feel satisfied with the Action Agenda endorsed by the APEC leaders in Osaka because it is based on the three main pillars of APEC set in the Bogor Declaration — trade and investment liberalization, trade and investment facilitation, and technical and economic cooperation. The three main pillars are equally important and complementary. Facilitation will support trade and investment liberalization, while technical and economic cooperation will ensure that the results of liberalization and facilitation can be equally enjoyed by all parties. Thus, the Action Agenda must be treated as a framework within which we must implement action programs for technical and economic cooperation and action plans for trade and investment liberalization and facilitation.

In the meantime, I would like to draw your attention to the progress ASEAN has made in functional cooperation. Activities undertaken by ASEAN to develop functional cooperation, cooperation with its dialogue partners, and other forms of cooperation have greatly contributed to the politico-economic progress and resilience of our Association. Since the fourth summit in Singapore in 1992, we have made good progress in cooperation in science and technology, environment, culture and information, social development, drug abuse control, and civil administration. We have also enhanced friendship and mutual trust among ASEAN citizens through activities involving youth, women, and nongovernmental organizations. The functional cooperation we have undertaken has not only contributed to the enhancement of our citizens' awareness of ASEAN, but also to regional solidarity and identity. In addition, functional cooperation has contributed to the development of the security, unity, and technological progress of ASEAN's citizens, which is an asset in facing the challenges of the 21st century.

Functional cooperation has been appropriately guided and clear priorities and objectives set through various action plans endorsed by the relevant ministers. We have synchronized and arranged activities to undertake func-

tional cooperation. Thus, the cooperation has a long-term, integrated, and sustainable framework. Functional cooperation is not simply a means to maintain ASEAN's unity and solidarity; it is also a means to integrate political and economic objectives with socio-cultural and ecological objectives. I am confident that we must all place functional cooperation on par with political and economic cooperation. Thus, we will once again show that we are not simply after economic growth. We have consistently oriented our development policies to the interests of our peoples as the main players. This is the main objective of our development policies. This means that we must try to combat poverty completely. The level of our success will be measured by the promotion of the living standards of our peoples.

The development of human resources remains an important aspect for ASEAN. We welcome the continued attention and aid given by ASEAN's partners to our efforts to enhance our peoples' mastery of technology. We must, therefore, hold negotiations with our partners to achieve an understanding of our different interests in line with the values, objectives, and spirit of our relations.

In line with the decisions of the Fourth ASEAN Summit, we continue to develop cooperation and relations with countries other than our dialogue partners as well as other international organizations. We have explored cooperation with the leaders of regional organizations in the Asia-Pacific region and economic cooperation organizations while continuing our relations with the South Pacific Forum. Other groups that have shown interest in establishing relations with ASEAN include [passage indistinct].

Again, peace be upon you!

SRV's Vo Van Kiet Gives Speech

BK1412104795 Bangkok Army Television Channel 7
in Thai 0400 GMT 14 Dec 95

[FBIS Editorial Report] Bangkok Army Television Channel 7 in Thai at 0400 GMT on 14 December 1995 broadcasts a 14-minute speech by Vietnamese Prime Minister Vo Van Kiet to the opening of the Fifth ASEAN Summit in Bangkok.

Vo Van Kiet's speech is in Vietnamese and is intermittently interrupted with remarks in Thai by two Thai TV reporters, such as "this is live reportage on the opening of the Fifth ASEAN Summit from the Royal Orchid Sheraton Hotel"; and "following the speech by Vietnamese Prime Minister Vo Van Kiet, Thai Prime Minister Banhan will be officially opening the summit."

After opening his speech by expressing his joy at visiting Bangkok and attending the Fifth ASEAN Summit, Vo Van Kiet says: "I am very moved by, and sincerely thankful for, the beautiful congratulations expressed by you, your excellencies, on the SRV being granted official ASEAN membership. Vietnam will do its utmost to contribute to further consolidating and developing ASEAN for the sake of friendly cooperation and prosperity among the community of ASEAN countries and also for the sake of ASEAN's lofty role in the maintenance of peace, stability and cooperation in Southeast Asia as well as in the world."

He extends his best wishes to the King of Thailand and wishes the government and people of Thailand happiness, national development, and prosperity.

He continues: "The Fifth ASEAN Summit will mark a new stage in the history of ASEAN. I warmly congratulate his Excellency Banhan Sinlapa-acha, prime minister of the Kingdom of Thailand, on his chairmanship of the Fifth ASEAN Summit. I believe that under your leadership, our summit will conclude with fine success."

After touching on the world situation, including the conflict in Bosnia [this portion superimposed by Thai translation], he said: "There is a pressing requirement for development among all ASEAN countries. Now, more than before, safeguarding the environment of peace and stability in the entire region and creating effective cooperation among countries in the grouping is an important factor for the future of each of our countries."

He cites the bright prospects of ASEAN and views "historical and cultural diversities and the uneven economic development in member countries as a great challenge to ASEAN on its path of development."

He continues by saying that "the will of ASEAN and the talents of ASEAN leaders will be important factors in deciding the future of the grouping."

He recalls Vietnam's economic development and its efforts to broaden international relations, says that "Vietnam is now capable of embarking on a new stage — the stage of industrialization and modernization," and views this process as part of Vietnam's contribution to ASEAN.

He expresses hope that "it will not be long before ASEAN becomes a large market," and that "Vietnam is stepping up its renovation process so as to build closer economic relations with other ASEAN countries." He continues by saying: "unity and effective cooperation among ASEAN countries have become an indispensable requirement. Tomorrow, 15 December 1995, we will sign a treaty to turn Southeast Asia into a nuclear-free

zone. This reflects a collective will of ASEAN and is a fruit of its determination to safeguard peace and fight against the danger of nuclear-related destruction and against the use of force or threats with the use of force. I believe that the treaty will help further consolidate the security of Southeast Asia and promote a trend of resolving peacefully all disputes in the East Sea [South China Sea] on the basis of the United Nations's 1982 convention on the Law of the Sea and in accordance with the Manila Declaration of 1992."

He says the current situation is posing new requirements for the structure of ASEAN and its modus operandi and calls for "more efforts to meet the new highly diverse requirements rising from dynamic development in the region amid a constantly changing world."

He promises that "Vietnam will positively contribute to this process."

He concludes by saying that "there is now a basis for us to believe that the Bangkok Declaration will become a reality in Southeast Asia and will be widely welcomed by the world."

Malaysia's Mahathir Gives Speech

BK1412103495 Bangkok Army Television Channel 7
in Thai 0312 GMT 14 Dec 95

[Speech by Malaysian Prime Minister Mahathir Mohamed at the opening session of the Fifth ASEAN Summit in Bangkok — live, in English]

[FBIS Transcribed Text] [Words indistinct] Your Majesties, Your Excellencies, Ladies and Gentlemen:

It was in Thailand that ASEAN was formed in 1967. The history of ASEAN's birth is now drawing to a close. It is very symbolic therefore, as we start charting ASEAN's course in the new century, we meet again in this delightful city of Bangkok where it all began.

Let me say how happy I am to be here among friends. I am especially delighted to know that all Southeast Asian countries are represented in this gathering. This was exactly the vision that the founders of ASEAN had when they signed the Bangkok Declaration of 1967.

I wish to extend my warm welcome to the leaders of Cambodia, Laos, and Myanmar [Burma] into our meets later. Malaysia would also welcome them to take steps to become full members of ASEAN as soon as possible. My congratulations and thanks to you, Mr. Chairman and to the government and the people of Thailand for the timely hosting of this fifth meeting of the ASEAN heads of government.

In the new century, the ASEAN countries — hopefully numbering 10 by then — should rightfully claim and

play its role in the management of Asia-Pacific regional affairs. We have every reason to do so. Even now, the combined total of the ASEAN population is in excess of 411 million. The ASEAN share of global trade is in excess of \$498 billion, comparing very favorably with the respective shares of China, Japan, and Korea. The GDP of ASEAN member countries exceeds \$448 billion, again reflecting a very credible figure compared to the other major Asian nations.

We do have the necessary clout as a group, and if we remain strongly united we should be a credible force which others would need to reckon with. In the name of open regionalism, others outside the region are attempting to dictate the pace and direction of Asia-Pacific affairs, be it in the ASEAN Regional Forum [ARF] or in the APEC [Asia-Pacific Economic Cooperation] caucus or even in a meeting which Asians are planning to hold with the Europeans. ASEAN must not permit this.

The Asia-Pacific is ASEAN's immediate outer environment. We must therefore insist on our appropriate share in the management of these affairs. First and foremost, ASEAN must take a common stand to prevent outside powers from dividing the Asian countries of the Pacific. We, on the Asian side of the Pacific, are permanent neighbors. Surely the neighbors themselves should have more rights than others to determine how they wish to relate to each other in economic, security, and political matters for now and for the future.

We should, therefore, be on our guard against becoming a pawn in global politics ostentatiously in the interest of regional security. We should not be listening to outside advice about our security needs. In any case, I believe it is counterproductive to discard regional security based on the conscious or subconscious attitude of wanting to contain or restraint potential enemy. It would lead us into believing in the need for counterthreats to meet the perceived threats. That would be the surest way of turning the enemies we dream up into real ones.

I am very confident that the Asian countries of the Pacific, knowing the permanency of their neighborly existence, will find accommodation with each other if external factors do not come into play. The ARF should genuinely be a forum which enables the Asian countries of the Pacific to establish confidence and cooperation within themselves in political and security matters. Other interested parties can contribute constructively to the process but they must not be allowed to use it to further their own schemes at the expense of the Asian participants.

ASEAN created the ASEAN Regional Forum. ASEAN must see the cause to ensure that the ARF process

is not steered into direction which ASEAN does not wish to pursue. Similarly, in economic relations and on issues of international trade, ASEAN should not allow others from outside the region to set the pace for cooperation in the context of APEC. This is not just for reasons of sovereign right. We even have the economic rationale; for example, a recent International Monetary Fund report concludes that the developing countries of Asia will remain the most important engine of growth through 1996, and recent figure produced by the Organization of the Economic Cooperation and Development show ASEAN countries significantly increasing their share of OECD's imports of goods.

It is an established fact that some of the world's dynamic economies in the world today are those in the ASEAN region. To sustain this dynamism, ASEAN countries would need to create continuing opportunities for trade and investment. Where else can we best do this than in our own ASEAN region? That is why we should not deviate from our commitment to put AFTA [ASEAN Free Trade Area] in place by the agreed target date.

His majesty the sultan of Brunei Darussalam, at the foreign ministers meeting in July this year, even suggested that the target date be brought forward to the year 2000. That is also why ASEAN countries should not miss the opportunity to be in the lane to upgrade economic relations with the three countries in Southeast Asia. Intensification of trade and investment relations with these immediate neighbors of ours cannot but bring mutual benefit for all in our subregion.

The political and economic potentials which ASEAN would have as an enlarged grouping to determine ASEAN's own destiny and to influence that pace and directions of Asia-Pacific affairs is really quite enormous. That is why the ASEAN 10 should become a reality quickly, not slowly.

I do believe that with sufficient determination and convergence of views we can exert influence to protect and promote our own interests. The decisions taken at the recent APEC leaders meeting in Osaka was a good example where Asian countries of the Pacific spoke unitedly and succeeded in establishing the desired pace for trade and investment liberalization in our own region.

That is the kind of function — in fact, the only kind of function — envisaged for the EAEC [East Asia Economic Caucus]. I still believe that with a little bit of persistence on the part of ASEAN, the EAEC can yet be formalized as a caucus within APEC and as a forum for discussions of common East Asian problems.

I hope the leaders of the Asian countries of the Pacific will be able to maintain the same unity of purpose as they did in Osaka when we meet the European Union leaders here in Bangkok in March next year. If we speak with one voice we should be able to utilize the occasion to usher in a truly new era of equitable relationship between the European and the Asian participants.

There is much to be gained from the development of constructive relationship with the European group. At the first Asia-Europe economic meeting, we should not let that opportunity pass. At the same time, we should also not let them miss the point that constructive relationship, developed through consultations and consensus, not through any direction or prescription on their part. [sentence as heard]

We have heard enough from the Europeans about democracy and human rights. We have been threatened with trade sanctions unless we abide by the social clauses to be established according to their standard. They have lectured to us about how to manage our environment and conserve our forests. I think the time has come for us to put across candidly and honestly our own viewpoints on these matters. We should say in no uncertain terms that international peace, security, and prosperity cannot be established without justice and equity. There cannot be genuine peace if might alone is used to establish what is considered right, with double standards dominating the order of the day. We have repeatedly witnessed examples of misapplication; for instance, in Bosnia-Herzegovina. Another case in point is the continuation of weapons testing by certain nuclear powers. How can the world ever be rid of nuclear weapons if some cannot even agree to stop testing or perfecting these weapons? ASEAN should put its collective weight to campaign for the total and complete elimination of all nuclear and other weapons of mass destruction. At the start, we should quickly agree to establish the nuclear weapons free zone in Southeast Asia in accordance with the proposed treaty. ASEAN on its own might not be able to do much to change the world, but with the other like-minded nations and groups of nations we can make a difference and achieve a lot.

For the Asia-Pacific environment, however, I feel ASEAN has not only the duty but also the right and the necessary clout to shape a regional order which we can truly call our own. It may require us to draw upon all of ASEAN's ingenuity to do it but do it we must.

Mr. Chairman, I might have spoken with some passion about these issues. If I did so, it is because of my own and my country's commitment to the ASEAN course,

and if I may repeat, my belief in the potentials of ASEAN.

Finally, Mr. Chairman, I thank you, the government and the people of Thailand for the warm welcome and generous hospitality extended to me, my wife, and the members of my delegation. I am certain that under your able stewardship, the Fifth ASEAN Summit will achieve great success and attain its own vital place in the in the annals of ASEAN.

I thank you. [applause]

Alatas Views Burmese Participation in ASEAN

*BK1412100695 Bangkok BANGKOK POST
in English 14 Dec 95 p 1*

[Unattributed report]

[FBIS Transcribed Excerpt] Burma's eventual membership of ASEAN should not threaten good relations between the group and its dialogue partners, said Indonesian Foreign Minister Ali Alatas.

Neither does he believe Burma is cynically using membership of the Association of Southeast Asian Nations to enhance its international legitimacy and to ward off criticism over human rights and democratic reform.

"We hope Myanmar [Burma] being with us does not, and should not, necessarily influence the total relationship with our dialogue partners," the minister told the Bangkok Post in an interview prior to today's fifth ASEAN Summit.

The dialogue partners are a group of nations, including the U.S., which maintain close consultations with ASEAN.

Today the leaders will sign the Bangkok Summit Declaration which will reaffirm ASEAN's commitment to expand the association to include Cambodia, Laos, and Burma.

They will also reaffirm the commitment to achieve the ASEAN Free Trade Area by 2003 and give the mandate for negotiations on the liberalisation of services in certain sectors.

The leaders of Cambodia, Laos, and Burma will join their ASEAN counterparts in an unprecedented meeting on Friday.

In July, Burma acceded to the 1976 ASEAN Treaty of Amity and Cooperation, taking the first step towards observers status that will eventually lead to full membership.

Cambodia and Laos, both observers of ASEAN, have said they would like to be full members in two years time.

Minister Alatas said ASEAN has been trying to explain to its dialogue partners that eventual Burmese membership should not effect relations.

He cited, as an example, Jakarta's problems with Portugal over East Timor.

"Indonesia has a problem with Portugal on East Timor. ASEAN has a good relationship with the European Union. Should one influence the other? We say no," he said.

Indonesia believes the East Timor problem with Portugal should be resolved in an "appropriate forum" he continued.

"We must be able to distinguish certain problems which are bilateral in nature and questions which relate to relationships between two countries or two regions," he said.

Despite constant calls for ASEAN not to include Burma as a member, Minister Alatas reaffirmed the association's stance of constructive engagement.

"We realise Myanmar is under heavy criticism from some developed countries and international bodies over what are perceived to be human rights violations.

"We believe if such a situation exists you have two options: isolate them and impose sanctions or you can draw that country out and that process is the one we are doing.

"Quietly talking them out of their shell and asking them to see the benefits of being open.

"We think it has already had some benefits and concrete results, although it is a slow process," he said.

"I don't believe Myanmar is trying to use ASEAN to ward off attacks by the international community."
[passage omitted — previewing ASEAN summit]

Japan

New Envoy Downplays Trade Disputes With U.S.

OW1412035895 Tokyo KYODO in English
0344 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — Differences over film and semiconductor trade will not lead to serious disputes between Japan and the United States, Japan's next ambassador to the U.S. said Thursday [14 December].

"I feel confident in saying that film and semiconductors will not become a major source of conflict between the two countries," Kunihiro Saito told a breakfast meeting with the press.

"Neither of the two will stir up sentiment within the two countries," said Saito, who departs Dec. 27 for his new post in Washington.

Japan and the U.S. are somewhat apart on foreign access to the Japanese film market and on whether to renew a 1991 bilateral semiconductor agreement.

Those two sectoral issues will be resolved with respect to fair competition and free market principles, he said, adding economic disputes will not poison the overall healthy relationship between the two countries.

"The Japan-U.S. relationship is basically sound," Saito said, adding Tokyo and Washington will maintain their close political and security alliance in the future.

"As a diplomat, I try to be optimistic — always," he added.

Regarding whether the U.S. is becoming more inward-looking, Saito said Japan and other countries expect the U.S. to remain engaged in world affairs and to continue playing a major role in dealing with them. "We need a strong America," he said.

Saito, who has served as vice foreign minister, will succeed Takakazu Kuriyama as Japanese ambassador to the U.S.

Reportage on Cuban President Castro's Visit

On 'Relationship' With Clinton

OW1312143995

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 1230 GMT on 13 December, in its regularly scheduled "Close-up Gendai (Current Close-up)" program, carries a recorded 15-minute interview with Cuban President Fidel Castro by correspondent Suguru Ichinose of the NHK International News Department. Reception is good.

Following a brief introduction, Castro begins speaking in Spanish with superimposed Japanese subtitles on screen at 1232 GMT. Castro notes his positive impressions of this, his first visit, to Japan. In particular, Castro says he is amazed with the state of Japan's advanced technology.

Following Castro's general remarks on Japan, there is a brief 4-minute video report detailing the history of socialist-led Cuba since the Castro revolution. Castro resumes speaking at 1238 GMT.

Ichinose asks Castro about Cuba's reformist social and economic policies. Castro states: "We will keep the open-door and reform policies as long as we need; however, the process will be carried on under the doctrine of socialism." Asked about the purpose of his short visit to Japan, Castro says: "I have no specific purpose. I greatly appreciate Japan's warm reception; however, my stopover is not connected to any specific request."

The interview is interrupted at this point by a pre-recorded six-minute video report of Castro's appearance before the UN General Assembly. The interview resumes at 1248 GMT.

In response to a question regarding Castro's relationship with U.S. President Clinton, Castro states: "In my personal opinion, President Clinton is a dignified man who loves peace. He is trying to defend the achievements made in civil rights by U.S. citizens during their long history." Castro then goes on to express his concern over the rise of ultrarightists within the U.S. political arena. Castro notes that: "President Clinton is fighting to defend rights in American society, and within this context, his political stance is sound and justifiable. I think his political viewpoint is good because he supports the old and infirm within society."

Castro concludes the interview by emphasizing that: "We want to make Cuban socialism more efficient and fault-free. We are not going to give up on socialism." The interview ends at 1255 GMT, and the program ends at 1300 GMT.

On U.S. 'Hostility'

OW1312160195 Tokyo KYODO in English
1456 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Cuban President Fidel Castro said here Wednesday [13 December] Japan can advise the United States to improve relations with Cuba, saying Japan is a prestigious country that is friendly with the U.S.

Castro, however, told a press conference at a Tokyo hotel he did not come to Japan to make requests and

actually he did not make any. He repeatedly stressed he just happened to make a "stopover" this time.

Japanese officials have nonetheless told reporters that he asked a Japanese politician Tuesday for Japanese support to help lift U.S. sanctions.

He criticized the U.S. for imposing an economic blockade against Cuba, and for not stopping its hostility toward his country.

The Cuban leader criticized the U.S. for regarding Latin America as something that belongs to it, and for not tolerating the existence of a socialist country there.

"There is only one way we can take to somehow endure the economic blockade and retain our dignity," he said. "We have endured for 35 years so far, we can endure for 100 years more."

Commenting on Cuba's arrears in loans from Japan, he said Cuba is willing to pay its debts, but it is difficult because of the economic blockade and poverty that dooms the whole third world.

Castro said financial assistance for Cuba and other third world countries will help resolve loan arrears worldwide.

The 69-year-old communist leader said he has not changed as a "revolutionary" ever since he became involved in revolution when he was 26.

Castro said his financially strained country can learn from the economic achievements of Japan, China and Vietnam.

He said, "I am lucky to set foot in Japan. I know the Japanese people have great hospitality and I have witnessed many things which will help us."

Cuba has fallen into severe financial problems due to the loss of major economic partners as a result of the collapse of communist regimes in the former Soviet Union and other countries and sharp drops in Cuba's sugar production.

Castro, who was making a three-day stopover in Japan on his way home from a tour of China and Vietnam, will leave for Cuba on Thursday morning.

Police Arrest Misawa-Based U.S. Airman

OW1312135095 Tokyo KYODO in English
1321 GMT 13 Dec 95

[FBIS Transcribed Text] Aomori, Japan, Dec. 13 KYODO — Police arrested a U.S. Airman from the Misawa base in Aomori Prefecture on Wednesday [13 December] on suspicion of possessing a hunting rifle without permission.

John turner, 25, Airman 2nd class, was arrested after a police officer found a rifle in the trunk of his car while questioning two "suspicious" U.S. servicemen in Misawa in Northeast Japan, police said.

Turner has obtained no permission from the prefectural public safety committee to keep the rifle as required by law, police said.

Police are also investigating whether turner is connected in any way to an incident three days ago in which it is thought that two U.S. servicemen fired a rifle in a park in Misawa.

A park worker heard four gunshots Sunday and immediately saw two foreigners in the park holding a rifle.

The two men then left in a car with a U.S. forces number plate, according to the worker.

Nobody was injured in the incident.

Security Council Approves Golan Heights Mission

OW1412043495 Tokyo KYODO in English
0411 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — The Security Council of Japan on Thursday [14 December] endorsed the proposed dispatch of Japanese troops on a peacekeeping mission to the Israeli-occupied Golan Heights.

The decision made at a meeting of the nation's highest defense policy-making panel, headed by Prime Minister Tomiichi Murayama, will be officially confirmed at a regular cabinet meeting Friday, said Chief Cabinet Secretary Koken Nosaka, the top government spokesman.

An advance team of the Self-Defense Forces (SDF) peacekeeping mission is scheduled to go to the Syrian highlands in late January and the main contingent to arrive there by mid-February.

The government plans to send a 43-member Ground Self-Defense Force transportation unit and a 60-member Air Self-Defense Force unit to join the Syria-based UN Disengagement Observer Force.

The Japanese team will take over the duties of departing Canadian troops, such as transporting food and other supplies.

The peacekeepers will be allowed to have two light machine guns in their armory.

Kono on Plan To Consider Recognition of Bosnia
OW1312120095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 11 Dec 95 Evening Edition p 3

[By Suguru Niimi]

[FBIS Translated Text] London, 10 Dec — After attending an international conference on the implementation of the Bosnia-Herzegovina peace accord, Foreign Minister Yohei Kono indicated his intention to study in a forward-looking manner the question of whether to recognize Bosnia as a state. He said: "With borders being demarcated thanks to the peace accord, circumstances there have been changing a little. We should deal with this matter sooner or later." He made this remark at an informal meeting with Japanese reporters held in London on the evening of 9 December. However, concerning the timing for recognition, he said: "I have not decided yet. It is impossible for us to recognize it immediately." He thus gave his view that Japan should carefully watch domestic circumstances in Bosnia for the time being.

At a London conference, Japan had been chosen as a member of the steering committee aimed at making arrangements for cooperation in the nonmilitary sector. As for this, Kono said: "I believe that Japan should positively cooperate in building the new order from the beginning, rather than passively deal with this matter at the international community's request."

Kono: Cooperation on 'Global' Bosnia Problem
OW1412055895 Tokyo ASAHI SHIMBUN
in Japanese 12 Dec 95 Morning Edition p 7

[Article by Jiro Moriyama]

[FBIS Translated Text] Japan participated as a member of the steering committee for the peace implementation conference on Bosnia-Herzegovina held in London, which will play the major role in implementing the peace accord. In this way, Japan has now taken a step forward in its involvement in peace accord implementation. While the international community is seeking ways to establish a new order in the post-Cold War era, Japan has stressed its desire not only to provide economic support, but also to promote personnel contributions such as the dispatch of election monitors. Hereafter, Japan will be asked what concrete measures it is taking to make further contributions.

"Japan will treat the restoration and reconstruction of Bosnia as a global problem and provide cooperation." At his talks with British Foreign Secretary Malcolm Rifkind on 8 and 9 December, Foreign Minister Yohei Kono repeatedly used the term "global".

Japanese diplomacy has hitherto been ridiculed as "checkbook diplomacy" [kogitte gaiko]. However, with the conclusion of the East-West confrontation, this "passive" diplomacy is no longer valid. Meanwhile, it has become apparent that the United Nations has its own limitations. In this connection, Japan has joined in the framework of implementing peace to settle the dispute in the former Yugoslavia with the hope of eradicating Japan's original image.

At the same time, Kono also tried to draw European attention to the Asian region. Therefore, he repeatedly touched on the issue of nuclear development in the DPRK (North Korea), saying "There is also a global problem in the Asia-Pacific region."

There is a growing consensus in the international community that it will be difficult for one country or one region to tackle post-Cold War regional disputes. Under such circumstances, officials of various countries, including British Foreign Secretary Rifkind, speak highly of these remarks made by the foreign minister.

At the recent conference, the government disclosed its plan to make contributions to the reconstruction of the former Yugoslavia in addition to providing financial aid. For example, Japan will be ready to provide trainees for training in the introduction of a market-oriented economy, or to dispatch personnel to engage in election monitoring. Since such a personnel contribution is different from the dispatch of Self-Defense Forces personnel, there is almost no discrepancy in views between the ruling and opposition parties. Thus, Japan can still well-afford to take part in various activities. To outgrow its "checkbook diplomacy," Japan is now asked to make positive achievements in its independent contributions.

Kono Announces Plan To Visit China 18 Dec
OW1312111795 Tokyo KYODO in English
1025 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Foreign minister Yohei Kono will make a trip to China for three days from next Monday [18 December] for talks with Chinese leaders, the foreign ministry said Wednesday.

Kono will compare notes on issues of mutual concern with his Chinese counterpart Qian Qichen and others in the Chinese leadership, the ministry said.

The planned visit aims to cap Japan's commemoration of the 50th anniversary of the conclusion of World War II hostilities, a senior foreign ministry official said.

The official, who spoke on condition of anonymity, also said that in the meeting with Qian and other Chinese

leaders, Kono will bring up such topics as the planned comprehensive test ban treaty (CTBT) and bilateral cooperation.

China has agreed to sign the CTBT, which aims at a global ban on underground nuclear testing, but it has also insisted on continuing nuclear experiments until the signing of the CTBT.

The official denied Kono will relay Tokyo's suspension of its grants-in-aid to Beijing — a retaliatory measure taken earlier this year.

"The freeze will be lifted as soon as China promises to stop its nuclear testing," the official said.

Diet To Review Military Training With U.S.

*OW1312114595 Tokyo YOMIURI SHIMBUN
in Japanese 9 Dec 95 Morning Edition p 1*

[FBIS Translated Text] The government plans to submit to an ordinary Diet session next year a draft of Japan-U.S. Acquisition and Cross-Servicing Agreement (ACSA) to enable the Self-Defense Forces and the U.S. Forces [USF] to smoothly supply each other with fuel and other materials during future Japan-U.S. joint military training and UN peacekeeping operations (PKO). However, it has started to coordinate opinions in the direction of including the USF's unilateral trainings in the draft.

Saying, among other things, that "it is possible for the USF to carry out unilateral exercises that also serve as a show of force at emergency times on the Korean Peninsula," some government officials are of the view that such trainings, even during peacetime, may run counter to the right of collective self-defense, which is banned by Article 9 of the Constitution. Turns and twists are expected.

ACSA between Japan and the United States will be applied only to peacetime trainings and Japan's support for USF military actions is not included in it. The United States had been calling on Japan to incorporate in ACSA Japan's support for USF's "unilateral training," which has emerged out as an object of ACSA this time. Nevertheless, no progress has been made within the government in studying the request.

Base Protesters Plan Rally Before Clinton Visit

*OW1412053795 Naha OKINAWA TIMES in Japanese
13 Dec 95 Morning Edition p 3*

[FBIS Translated Text] The executive committee (chaired by Chiken Kakazu), which sponsored the 21 October peoples' rally [to denounce the rape of a schoolgirl by U.S. servicemen and demand the revision of the Japan-U.S. Status of Forces Agreement], held

a meeting at the prefectural assembly building on 12 December. At the meeting, committee members agreed on a plan to conduct the third Tokyo demonstration before U.S. President Bill Clinton's visit to Japan scheduled for next April, to urge the government to include a base reduction plan in the Japan-U.S. joint communique. The committee will soon convene a meeting of its supporters to explain its recent activities and future action plans, and to obtain approval for the Tokyo demonstration.

The executive committee comprises representatives of political groups in the prefectural assembly. The recent meeting is the first since the committee conducted the second Tokyo demonstration on 15 November.

Meanwhile, the prefectural assembly has decided to hold its own protest rally and demonstration against U.S. military bases in either late January or early February. It has made the decision because: 1) As the body which formed the executive committee, the assembly has been urged to conduct independent action; and 2) the assembly needs to play a role as a forerunner until the committee finishes organizing a mass demonstration. The prefectural assembly will have to adopt a resolution to allow it to dispatch assembly members to Tokyo to conduct its own protest rally and demonstration. After an explanation to executive committee supporters, the prefectural assembly will decide its protest activities at a steering committee meeting.

The executive committee is maintaining cooperation with the private sector, and may also organize a demonstration in the United States after April by gathering together prefectural assembly members and people in the private sector, depending on developments in talks on base-related issues.

Okinawa Leaders Reject 'Public Notification'

*OW1412104295 Naha RYUKYU SHIMPO
in Japanese 13 Dec 95 Morning Edition p 1*

[FBIS Translated Text] As part of the procedure for renewing land lease contracts that expire in May, 1997 (some expire at the end of March, 1996) for U.S. forces, the central government will ask concerned municipalities in Okinawa to issue "public notification" on use of land for military purpose. However, eight of nine heads of these municipalities, including Onna, Kadena, and Urasoe, intend to reject the request, according to a RYUKYU SHIMPO survey. The central government has instituted a lawsuit against Okinawa Governor Masahide Ota following his refusal of "proxy signing" of documents needed to force unwilling landowners to continue to lease their land to U.S. forces. While municipality heads' rejection of issuing the notification

will make forcible use of land more difficult, it may be of "advantage" to the prefectural government, which is preparing for the first hearing on the proxy signing dispute scheduled for 22 December.

The request for issuing the "public notification" will be made through Okinawa Prefecture's Land Expropriation Committee upon the Naha Defense Facilities Administration Bureau's application to the committee for use of land, which will come after the proxy signing issue is settled. The procedure is indispensable and needed to be completed before the start of a public trial, where arguments will be heard between the central government and landowners opposed to renewing their lease contracts. This is the first time the eight municipalities would reject the request for issuing the public notification. Their refusal will greatly affect the central government's procedures for forcible use of land for U.S. forces.

Taking seriously Okinawa residents' growing concern about base-related problems following the rape of a local schoolgirl by U.S. servicemen in September, the heads of these eight municipalities have decided not to comply with the public notification demand. Their decision has nothing to do with their views on the Japan-U.S. Security Treaty and the Status-of-Forces Agreement [SOFA]. On 12 December, Kadena Mayor Tokujitsu Miyagi disclosed his intention to reject the request. Following in his footsteps, five of six municipality heads, who have agreed to comply with the central governments' call for them to sign a land property inventory in place of the Okinawa governor, also decided to refuse the request. The head of Ie-son deferred making a decision.

Onna-son Mayor Shigemasa Higa said: "The situation has greatly changed since the rape case. Thus, I cannot accept the public notification request. My refusal of the demand may be inconsistent with my approach toward the proxy signing issue. Nevertheless, I cannot issue the notification at a time when no progress has been made concerning the issues of revising the SOFA, which is a very modest demand made at the Okinawa people's rally, and downsizing U.S. military bases here." Urasoe City Mayor Seiko Gibo also claimed: "The request is unacceptable in the current situation, in which the Japanese and U.S. Governments's efforts to resolve base-related issues have not produced any satisfactory results."

Meanwhile, Ginowan City Mayor Seiken Tobaru said: "In the post- Cold War era, it is unpardonable for the central government to use private land for U.S. forces." Chatan-cho Mayor Choichi Hentona said: "In view of the current social situation and the issues Okinawa is

facing, it is very difficult for me to comply with the public notification request."

Ie-son Mayor Seitoku Shimabukuro has deferred making a decision, saying: "I will decide whether to comply with the request taking village people's interests into consideration."

Okinawa Officials View U.S. Official's Proposal

*OW1412093695 Naha RYUKYU SHIMPO
in Japanese 14 Dec 95 Morning Edition p 1*

[FBIS Translated Text] Senior officials of Okinawa showed mixed reactions to reports that a senior U.S. Department of Defense official talked about plans to include a passage on "reduction of military bases" in the Japan-U.S. joint statement on the security alliance and to take "bold steps" toward solving U.S. bases issues. Some said, "It is one step forward," while others claimed, "It is not any different from the ground covered by the Japan-U.S. summit before Okinawa's reversion to Japanese administration, which advocated reorganizing and reducing the bases," indicating both "welcome" and "doubts."

Choko Takayama, policy coordinator of the prefectural government, noted, "We are still at the stage of press reports; I cannot make any comments." However, he also said: "If reduction of bases is included, it will mean some progress. However, the governor has asked Prime Minister Murayama to delete the passages on globalizing the security alliance and stationing 47,000 U.S. troops in Japan. No clear direction has been shown on these two issues."

Regarding reports that the senior U.S. official favors relocating live-fire exercises across Prefectural Highway 104 to the Japanese mainland by "rotating" the training sites, Takayama said: "Okinawa is talking about abolishing such exercises; we are not talking about relocation to the mainland. If the security alliance is so important and the final conclusion is that it cannot be abrogated, then the burden should be shared equally by the Japanese people. But before that, the national government should work to abolish the exercises."

Another senior prefectural official stated: "We do not know the specifics, so there is no reason to be agitated by each and every turn of events. We should realize the motive behind this is to avoid mentioning the issues of globalizing the security alliance and stationing 40,000 [as published] U.S. forces."

Some officials in the prefectural government believe that the present compromise proposal "partly reflects the United States' anxiousness not to make the joint statement inconsequential."

To eliminate concerns about permanent stationing of U.S. military bases, Okinawa will continue to strongly demand, through the Okinawa Action Committee on U.S. military bases and the secretariat of the committee, deletion of passages on "stationing 47,000 U.S. troops in Japan" and "globalization of the security alliance."

Kato on Base Issue; DPRK Economic 'Disorder'

OW1412103095 Tokyo ASAHI SHIMBUN
in Japanese 12 Dec 95 Morning Edition p 7

[Summary of a speech delivered by Koichi Kato, secretary general of the Liberal Democratic Party, to an ASAHI SHIMBUN-sponsored symposium held on 11 December]

[FBIS Translated Excerpt] [passage omitted] **The East Asian Situation**

To maintain stability in Asia in the future, the triangle of Japan, the United States, and China will continue to be necessary for at least 15 years. We would like to reduce (U.S. military) bases on Okinawa. However, it is necessary to maintain them if there is any threat. If North Korea (the DPRK) appears on the international stage and the country and others can show defense handbooks or bases to each other through defense exchanges, we can decrease the defense budget by one-third. We can also reduce bases on Okinawa.

North Korea is in economic disorder; some people may die of hunger this winter. I think the situation is really serious. We should give a hand to the country before chaos occurs.

Official on Need for Noise Reduction Accord

OW1312113295 Tokyo ASAHI SHIMBUN
in Japanese 12 Dec 95 Morning Edition p 3

[FBIS Translated Text] Vice Foreign Minister Sadayuki Hayashi touched on the Okinawa Prefectural government's demand for the Japanese and U.S. Governments to conclude a noise prevention accord to reduce the noise around Kadena Air Base and Futenma Air Station, and indicated an intention to deal with this issue as soon as possible, saying: "Needless to say, it is necessary to study this issue." He made these remarks at a news conference on 11 December.

This proposal is expected to be presented at the first meeting of the working group of the Japan-U.S. "Special Action Committee." The national government says the U.S. side indicates a positive stand on accepting this proposal. This agreement is expected to be concluded sometime during 1996.

Officials on PRC Research off Senkaku Islands

OW1312125895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 13 Dec 95 Morning Edition p 2

[FBIS Translated Text] It was disclosed at the upper house Foreign Affairs Committee on 12 December that a maritime research ship affiliated with China's State Oceanographic Bureau conducted research activities in the sea near the Senkaku Islands in May and June 1995 on the Japanese side of the 200-nautical-mile economic zone.

In response to a question by upper house member Keizo Takemi (from the Liberal Democratic Party), Ryozo Kato, chief of the Asian Affairs Bureau of the Foreign Ministry, and Masanao Saka, chief of the Guard and Rescue Department of the Maritime Safety Agency, said after Japan demanded through diplomatic channels that the Chinese side suspend its research activities, the Chinese ship returned to Chinese waters.

Impasse Continues Over 5-Year Defense Budget

OW1412031595 Tokyo KYODO in English
0250 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — The tripartite ruling coalition will hold more talks Thursday [14 December] having failed to agree overnight on Japan's new medium-term defense program for the fiscal 1996-2000 period due to arguments over the size of the new program's budget.

The three parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] — held on and off meetings until predawn Thursday, but they did not reach an accord in time for the government's schedule to adopt the program at an extra cabinet meeting in the morning.

Defense Agency Director General Seishiro Eto and Finance Minister Masayoshi Takemura are also likely to hold more discussions Thursday and a solution may be sought through a possible meeting of the heads of the three ruling parties — Prime Minister Tomiichi Murayama of the SDP, Trade Minister Ryutaro Hashimoto of the LDP and Takemura of Sakigake, coalition sources said.

The government held a meeting of the Security Council of Japan, headed by Murayama, in the morning to discuss the issue.

The Defense Agency and the dominant ruling coalition bloc LDP are demanding 25.72 trillion yen for the program, with growth in the five-year period averaging 2.8 percent, but the Finance Ministry, the SDP and Sakigake advocate it be reduced to less than 25 trillion

yen due to Japan's tight economic situation and from the point of view of disarmament.

The size of the current five-year budget plan is 22.17 trillion yen.

Takemura told Eto on Wednesday that lower defense spending is necessary given the nation's slowing economic growth, fiscal strains, global trends toward demilitarization and public sentiment against heavy defense spending, Finance Ministry officials said.

The two camps stand in opposition over the number of the next-generation fighter support (FSX) planes to be purchased.

The Defense Agency plans for Japan to buy 47 FSX planes in the five-year period and a total of 141 FSX planes by 2007, a plan that is supported by the LDP, but the Finance Ministry, the SDP and Sakigake are demanding a reduction in the overall number.

The Finance Ministry has called for a substantial reduction in the number of planes to be purchased because the planes cost 12.3 billion yen each. The two smaller forces in the ruling coalition are taking the ministry's side.

To break the impasse, the Defense Agency proposed Wednesday night to reduce the total number of planes to 132 from the original 141, but they have not produced a concession on this point yet, government sources said.

On the agency's proposal that the program include research on the Theater Missile Defense (TMD) System, the two blocs made a concession that a conclusion on the issue will be made sometime during the five-year period.

The two sides are also opposing each other on a proposal to introduce airplanes to refuel fighters in flight.

The LDP was positive about the TMD and planes refueling in midair while the SDP and Sakigake were reluctant.

The defense plan will replace the current five-year program following the adoption of a new long-term defense program outline late November that stresses the fresh importance of the Japan-U.S. security alliance and features rationalized, smaller and more efficient defense capabilities.

Procurement Proposal on SDF Equipment Revealed

OW1312114395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Dec 95 Morning Edition p 2

[FBIS Translated Text] The details of the Defense Agency's [DA] proposal on the Self Defense Forces [SDF] front-line equipment, which will be procured

under the new Midterm Defense Buildup Program [MDBP] (fiscal 1996-2000), were revealed on 11 December. Concerning the Ground SDF, the plan requests the following equipment: About 100 tanks; about 45 multiple rocket launchers; about 175 armored vehicles; and more than nine units of transport helicopter CH-47JA. As for the Maritime SDF, it demands less than 10 destroyers, less than 25 units of transport and supply vessels, and more than 35 units of patrol helicopter SH-60J. For the Air SDF, it requests five interceptors, less than 60 units of intermediate training airplanes, and other equipment.

The proposal also urges that the number of the Ground SDF personnel be reduced by 3,000 to about 147,000 before the MDBP expires in the end of fiscal 2000. At the same time, it demands that the number of prompt reserve personnel be about 5,000.

The DA will submit the proposal to the Security Council (chaired by Prime Minister Tomiichi Murayama) on the morning of 12 December.

Poll Shows 'Record High' Disapproval of Cabinet

OW1312093095 Tokyo KYODO in English 0819 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — More than half of the respondents said they were not in favor of the 17-month-old cabinet of Prime Minister Tomiichi Murayama in an opinion poll conducted Saturday [9 December] and Sunday by KYODO NEWS SERVICE.

The opinion poll shows a record high disapproval rate of 56.4 percent for the Murayama cabinet, up 1.2 percentage points from the previous KYODO survey conducted in September, while 34.3 percent, down 2.7 points and a record low, approved of the administration.

The poll was conducted among 3,000 adults, of whom 2,045, or 68.2 percent, responded.

Political analysts said the results reflect public dissatisfaction with the prime minister's leadership in dealing with the issue of U.S. Bases on Okinawa and with a prolonged economic slump.

The poll also shows that the Liberal Democratic Party (LDP), the largest of the three ruling coalition parties, was the only political party which succeeded in increasing its support rate.

The LDP was supported by 34.2 percent of the respondents, up 1.3 percentage points from the previous survey.

Murayama's Social Democratic Party had a 10.1 support rate, down 0.5 percentage point, while new party

sakigake was supported by 2.8 percent, down 2.2 percentage points.

The support rate for the major opposition party shinshinto (new frontier party) plunged 7.4 percentage points to 14.2 percent.

Koichi kato, the LDP's secretary general, asked to comment on shinshinto's setback, said it is an obvious product of the recent Diet deliberations over a bill to tighten control of religious groups.

Shinshinto [New Frontier Party], supported by the lay buddhist group soka gakkai, strongly opposed to the bill, which the Diet passed last Friday.

Murayama Considers Premium Rate 'Has Peaked'

OW1312051995 Tokyo KYODO in English
0459 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — The so-called "Japan premium" has peaked, Prime Minister Tomiichi Murayama said Wednesday [13 December].

Speaking at a plenary session of the House of Councillors, Murayama said the premium reached its highest level in late October.

Japan premiums are additional interest rates imposed on Japanese commercial banks in their overseas borrowing.

The premium reflects global concern over the shaky Japanese banking system in the wake of this year's series of financial failures, including the scandal at Daiwa Bank's New York branch.

The premium topped 0.5 percentage point for two-month and three-month loans in the U.S. and European markets around Oct. 25.

STA Chief: 'Disclosure' Needed on Reactor Leak

OW1312060195 Tokyo ASAHI SHIMBUN
in Japanese 12 Dec 95 Morning Edition p 1

[FBIS Translated Text] Yasuoki Urano, director general of the Science and Technology Agency [STA], said on the night of 11 December: "In conducting an investigation into the accident at [Japan's prototype fast-breeder nuclear reactor] 'Monju,' the government-run Power Reactor and Nuclear Fuel Development Corp. and the STA have to maintain closer contact with local governments to promote the disclosure of information." He revealed that he has instructed concerned officials to work in close cooperation with the three parties. He made the remarks at a news conference at the STA building.

Urano said that when he briefed Prime Minister Tomiichi Murayama on his inspection of the reactor before

the news conference, the prime minister had instructed him "to thoroughly probe into the cause of the accident to obtain the understanding of local residents."

Urano said: "I think it will be impossible to resume operations unless the understanding of local residents is obtained."

Commenting on the accident's impact on the government's nuclear fuel recycling policy, he said: "Developing the fast-breeder reactor is necessary for Japan, which is short of energy resources."

Reactor's Sodium Leak Among World's 'Largest'

OW1412022695 Tokyo KYODO in English
0139 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — A sodium leak that forced the closure of Japan's prototype fast-breeder nuclear reactor "Monju" on Dec. 8 was one of the largest accidents of its kind in the world, according to data compiled by the Science and Technology Agency.

According to the agency data, there have been nine other such accidents at fast-breeder reactors in the world since 1960. The amount of leaked sodium was reported in five of these cases.

Of these, the largest was some 20 tons at a fuel storage tank at a plant in France in 1987.

This is some 10 times the 2 to 3 tons of sodium apparently leaked at Monju, which is located some 350 kilometers west of Tokyo in Tsuruga, Fukui Prefecture, on the Sea of Japan coast.

But unlike at Monju where the leak was in the secondary cooling system, the leak at the French plant involved a facility not directly related to the running of its reactor.

No fire broke out in the French case though the room was filled with nitrogen, whereas at Monju, 66 fire alarms sounded.

As an indication of the force of the leak in the French case, about 20 kilograms leaked per hour.

At Monju, in the four and a half hours between the first fire alert and the completion of emergency removal of sodium from the piping, some 2 to 3 tons of sodium leaked.

This is between 440 and 670 kg per hour, a rate considerably greater in force than in the French case, raising the possibility that the fissure is fairly large.

The size of a fissure near the site of a weld on a temperature detector, suspected as being the source of

the leak, is also a possible indication of the size of the leak.

Until the Monju accident occurred, the largest known case of a leak from coolant piping related to the running of a reactor was at a Russian plant where about 1 ton leaked in October 1993.

In that accident, a fire broke out but was extinguished after the oxygen was cut off from the room. Radioactivity escaped into the atmosphere at the time, but the plant resumed operations 20 days later.

The agency data shows that other leaks have also occurred at experimental nuclear reactors in Britain, the former Soviet Union, and in France, but they have only involved small amounts and did not lead to fires.

Monju began generating electricity in August and was scheduled to start full operations in June next year. It was operating at 40 percent of capacity at the time of the accident.

Government To Maintain Domestic Rice Prices

*OW1312112095 Tokyo KYODO in English
1008 GMT 13 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — The government and the three-party ruling coalition intend to present the rice price council with a plan to keep the price at which the government sells the 1995 crop of rice to consumers unchanged for the fourth consecutive year, officials said Wednesday [13 December].

The council will endorse the plan at its meeting Thursday and submit it to agriculture, forestry and fisheries minister Hosei Norota for formal approval Friday, the officials said.

As the government earlier decided to keep unchanged the price it pays growers for the rice, the finance ministry called for the selling price to be pegged at 18,123 yen per 60 kilograms because of the state's financial straits.

With regard to the 400,000 tons of rice Japan imports in fiscal 1995 due to its pledge to partially open its rice market under Uruguay round global trade agreements, the government plans to sell 100,000 tons to consumers, starting next March, and set aside another 100,000 tons in stockpiles, the officials said. The remaining 200,000 tons will be sold to rice processors.

The scheme is aimed at easing Japanese rice growers' concern about the effects of low-priced imports, the officials said.

The government and the coalition also intend to present the council with a plan to cut the price at which it sells

wheat to consumers in order to pass on to them the benefits of the strong yen, the officials said.

Despite a planned cut of several percents, domestic wheat prices will remain twice as high as international prices, as the government controls the price of imports to protect domestic growers.

Panel Urges Murayama To Cut Government Spending

*OW1212130395 Tokyo KYODO in English
1231 GMT 12 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — A government advisory body Tuesday [12 December] urged the government of Prime Minister Tomiichi Murayama to drastically ax bloated government expenditures in order to put the deficit-strapped national finances on a sound track.

In a report submitted to Finance Minister Masayoshi Takemura, the Fiscal System Council said spending cuts should not allow any sanctuary, proposing an immediate trimming in such areas as social security, public works projects, official development assistance and the number of government employees.

Meeting reporters after presenting the report to Takemura, Minoru Nagaoka, acting chairman of the council said, "We want to ring an alarm bell about Japan's structurally deteriorating financial conditions."

Takemura recently said Japan's fiscal conditions are facing a crisis situation.

The new report stressed the urgency of curbing the nation's snowballing fiscal deficits, harmful effects of which have not asserted themselves to date thanks to Japan's high level of savings.

"If efforts for sound finances are delayed further, future generations are to face a bigger burden. There is no time to be wasted in view of the rapid aging of Japanese society," the report said.

The report pointed to the need for national debate on tax increases as a means to finance expected spending increases as the society continues to age.

"Despite spending reviews, the nation's fiscal demand will go up with the rapid aging. Therefore, it is necessary for all Japanese people to seriously discuss the issue of taxes," the report said.

The report said the amount of Japan's fiscal deficits is "far above acceptable levels," by international comparison, if they are viewed in terms of gross domestic product.

The report said an expansive fiscal policy may produce short-term economic benefits but will hurt the economy's long-term efficiency through an accumulation of national debt, calling for structural reforms rather than an injection of fiscal money as an effective way of reviving the sagging economy.

Given a forecast that Japan's excessively high savings rate will begin to decline rapidly after 2005, the adverse effects of fiscal deficits, such as higher long-term money rates and inflationary pressures, will surface, the report said.

Nagaoka said the council will give concrete shape to the latest proposals, including numerical targets, in discussion resuming in January.

Panel Urges Easing Land Tax To Revive Economy

*OW1212131395 Tokyo KYODO in English
1040 GMT 12 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — The government's tax commission on Tuesday [12 December] outlined a framework of tax reforms for fiscal 1996, proposing relaxation of land-related tax as a means to rev up the sagging economy, government sources said.

But the commission, an advisory organ to the prime minister, decided to dodge a drastic overhaul of corporate tax, leaving the matter to discussion in fiscal 1996 and beyond, said the sources.

In the tax reform proposal, to be submitted to the prime minister Friday, the commission expresses admiration for the role that a set of land taxes played in Japan's land policy, the sources said.

But the proposal calls for a certain adjustment of the financial burden shouldered through land taxation, the sources said.

They said the proposal reflects the strong wishes of the business community, struggling under the longstanding economic doldrums.

The tax proposal cites the need to define the roles of two landholding taxes which have come under fire, mainly from business corporations, as double taxation — a national tax levied on landholding and a municipal tax imposed on real estate and other fixed assets, the sources said.

As for the review of the 3 percent consumption tax rate, the government panel says fiscal conditions and the nation's social security costs should be considered as major elements in the discussion, the sources said.

The government is to make a final decision by the end of September next year on whether or not to raise the consumption tax rate to 5 percent from April 1997.

The tax commission is expected to deal with the consumption tax early next year, and thus refrained from including the topic in the fiscal 1996 tax reform plan, the sources said.

The latest tax proposals by the government panel are basically in line with tax reform recommendations recently outlined by the ruling coalition.

A task force of the three-party coalition has decided to ease land-related tax burdens to levels seen in the speculation-driven "bubble" economy of the late 1980s.

Nikkeiren To Oppose Pay Hikes Next Spring

*OW1212131195 Tokyo KYODO in English
1011 GMT 12 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 12 KYODO — A group of employers said Tuesday [12 December] it will reject pay hike demands by trade unions in next spring's labor offensive.

"In view of the present economic situation, it is difficult to raise wages," said Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren).

Japan's largest labor organization, the Japanese Trade Union Confederation (Rengo), has announced a decision to seek monthly wage increases averaging 13,000 yen.

A draft wage policy made public by the Nikkeiren on Tuesday said salaries of Japanese workers have already hit a high level in the world and further wave of hikes will hurt Japan's competitive power on the international market.

It said the federation will study the possibility of introducing a work-sharing system patterned after one under consideration in European nations.

The system calls for shorter work hours and restraint on individual wage hikes.

The federation said it will formally announce its wage policy in mid-January.

Mitsubishi To Sell GSM-Based Phones in Asia

*OW1312030995 Tokyo KYODO in English
0115 GMT 13 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Mitsubishi Electric Corp. is planning to launch in South-east Asia as early as 1997 digital telephone handsets based on the global system for mobile communications

(GSM), a company spokesman said Wednesday [13 December].

The GSM is the unified standard in Europe for such phones.

Mitsubishi will start a marketing survey there next spring, centering on China, India, the Philippines and Thailand, the spokesman said.

Demand for such phones is projected to expand sharply in Asia to more than 10 million sets in the year 2000 from the present four million since all of Asian countries, excluding Japan and South Korea, have adopted the GSM standard.

In November, the Tokyo-based electrical machinery maker began selling in the European market GSM-based digital phone handsets turned out at its French unit.

It plans to produce 500,000 handsets in the initial year, and boost output to one million in the second year.

Mitsubishi initially intends to earmark about 10 percent of its total output in France for sales in Asian countries, the spokesman said.

Venture To Produce Ferrochrome in Zimbabwe

OW1312054795 Tokyo KYODO in English
0501 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Japan Metal and Chemicals Co., a leading ferroalloy maker, will jointly set up a company in Zimbabwe with trading company Mitsui and Co. and a local firm to manufacture low-carbon ferrochrome, a company spokesman said Wednesday [13 December].

The Japanese companies and Zimbabwe Alloys Ltd. plan to jointly produce 14,000 tons of the product, a steelmaking material, a year starting next April, the spokesman said.

The ferroalloy maker and Mitsui will each have a 25 percent stake in the joint company, while the rest will be held by Zimbabwe Alloys.

A factory belonging to the African company will be used for production. All of the ferrochrome will be exported to Japan Metal and Chemicals, which will thus be able to halt costly manufacture of the product in Japan.

The Japanese companies have also agreed to buy some shares in Zimbabwe Alloys to form a general alliance with the company, the spokesman said.

Semiconductor Manufacturer Opens Taiwan Office

OW1312054895 Tokyo KYODO in English
0314 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Sumitomo Corp. said Wednesday [13 December] it opened a liaison office in a Taiwanese high-tech industrial park last month to step up sales of semiconductor manufacturing equipment to local memory chip makers that are boosting their production capacity.

The office, located in the Zinzhu Industrial Park, about 80 kilometers southwest of Taipei, will shortly be upgraded to a representative office and serve as an international chip procurement base to network Taiwanese and Southeast Asian suppliers, a company spokesman said.

Sumitomo is the first Japanese trading house to set up a base in Taiwan. The firm deems the base essential to expand business ties with high-tech enterprises in the industrial park such as makers of semiconductors and personal computer components, the spokesman said.

The company has recently established a subsidiary in Singapore to oversee international chip procurement offices in Singapore, Thailand and Hong Kong.

Sanyo Announces PRC Air Conditioning Venture

OW1312092895 Tokyo KYODO in English
0839 GMT 13 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 13 KYODO — Sanyo electric co. said Wednesday [13 December] it will form a joint venture company in China later this month for the production and marketing of packaged commercial air conditioners.

Sanyo said the new venture will be capitalized at 800 million yen, with the major consumer electronics maker holding a 55 percent stake and the dalian bingshan group of China contributing 40 percent. The remaining 5 percent will be put up by Japanese trading company Nissho Iwai Corp.

The new company, Dalian Sanyo Air Conditioner Co., will be located in the Dalian economic and technical development zone in Liaoning and begin operating in February 1997, sanyo said. Initial annual production is targeted at 3,000 units rising to 40,000 units in five years.

The Chinese market for packaged air conditioners in 1995 is estimated at about 320,000 units, and is expected to grow to between 500,000 and 550,000 units in five years, sanyo said.

Dalian sanyo will increase the number of companies held by sanyo in China to 22 and will be the sixth joint venture involving sanyo and the dalian bingshan group. It will have 55 employees in the first year and increase the number to 250 in five years.

Debate on U.S.-Japan Security Alliance Reported

952A0756A Tokyo THIS IS YOMIURI in Japanese
Sep 95 pp 104-120 FOR OFFICIAL USE ONLY

[Unattributed article reports debate between Hisahiko Okazaki, foreign affairs critic, and Dr. Chalmers Johnson on the U.S.-Japan Alliance]

[FBIS Translated Text] Debate Ignited on U.S.-Japan Security Alliance

Dr. Johnson contributed a joint article with Associate Professor E.B. Keene [phonetic] of Cambridge University to the FOREIGN AFFAIRS magazine (Jul/Aug issue). In it, he fiercely attacked the "Report on the East Asia Strategy" (announced in February) by Joseph Nye, U.S. assistant secretary of defense (international security affairs), which stated that "we will maintain the U.S.-Japan alliance based on the mutual security treaty, and will station a total of 100,000 U.S. troops in the Asia region including Japan for more than 20 years in the future."

Johnson contends that "the present security pact, which is committed to unilateral defense of Japan—an economic power—by the United States today when the Soviet threat no longer exists, is an anomaly and should be drastically changed to a reciprocal arrangement, or be peacefully dissolved." His contention is that the maintenance of such a security system after the Cold War not only impedes Japan from becoming an "ordinary nation" politically, economically and security-wise, but also leaves it in distorted circumstances that bar its participation in joint efforts toward international security.

In contrast, Nye, whose article was carried by the magazine in the same issue, frontally refutes the Johnson article as follows: "Although it is contended that it is more economical to withdraw the U.S. troops from East Asia to the U.S. mainland, it is ironically more costly to deploy the troops from their home base in an emergency situation. Withdrawing the U.S. troops from East Asia only endangers the national interests in the long term."

This is the first time that a bona fide debate on the dissolution of the U.S.-Japan security alliance is taking place within the United States. Given this fact, the debate is attracting wide attention among Japan's security experts (editorial dept).

United States Tired of Japan's Egotism?

Is Japan a Responsible Partner?

[Okazaki] I have read your article in FOREIGN AFFAIRS (July/August issue). Whenever I read your articles, I fully agree with the main points. However, I feel that the particulars are highly controversial. Perhaps that is your unique style (laughter). I would like to only discuss the main points here.

To summarize the moot points of the article in my own way, Japan must in effect become a responsible partner of the United States. However, your point is that the respective postwar policies of the United States and Japan are obstructing such a partnership. On this point, I am in perfect agreement.

(Johnson) This article was initially written for the U.S. Defense Department and not for the readers in Japan. The Pentagon's strategy of stationing more than 100,000 troops in Asia during the next 20 years signifies nothing more than distrust of Japan. It can also be seen as a form of insult. The United States wishes to encourage Japan's future democratic development and to see the Japanese government's accountability toward that end.

In looking at U.S.-Japan relations today, it appears to be protecting Japan in a sense from the reality of the world as a whole by keeping the relations under a Cold War structure. In this sense, I am dissatisfied with the "Report on the East Asia Strategy" compiled last February by Assistant Secretary of Defense Nye.

Another point in the Nye report which bothers me is the fact that it positions the U.S. forces as contributing largely to Japan's postwar economic miracle and to South Korea's economic development. If the United States contributed to Asia's prosperity after the war, it was not because of contributions in the military and security aspects; but I believe it was that the U.S. market absorbed low-price, high-quality commercial goods from Japan, the NIES nations, the Southeast Asia nations and China, thus resulting in economic prosperity in those nations.

What Should Not Be Destroyed in the Transitional Period?

[Okazaki] The Nye report represents an affirmation and maintenance of the status quo. Therefore, if one considers that Japan's status quo could be described as an insult to Japan, it would mean prolonging the insult. It all depends on the manner of thinking.

I believe that, in this transition period, maintaining the status quo is extremely important. It has been my conviction that it is of utmost importance for an inland

nation like Japan to have allied relations with the Anglo-American world. This is totally unrelated to the Cold War. It has been a fact for a century and a half since Japan opened itself to the West. The era in which Japan enjoyed the greatest security, prosperity and democracy were the 20 years of the Anglo-Japanese alliance and the 40 years of the U.S.-Japan alliance. It was likewise for the Anglo-American world; and it was during these two eras that the Anglo-American world's interests in the Asia-Pacific region were best protected.

Between the two eras was the era when Japan merely envisioned the existence of choices that did not actually exist. When the Anglo-Japanese alliance ended in 1922 under U.S. pressure it was five years after the Russian revolution. At the time, China was in a state of anarchy with Chiang Kai-shek attacking the north in 1926. However, a decade later, the Soviet Union grew stronger, China became a nation state, and Japan became isolated and was forced to compete against the Soviet Union and China. This was the beginning of Japan's militarism.

Today, the world surrounding Japan is again in transition. In a transitional period, what already exists should not be destroyed. In that sense, I agree with the Nye report.

However, there are two points of criticism regarding the Nye report. It says that, regardless of how the economic issues deteriorate, the status of the U.S.-Japan relations can be maintained and there is nothing to worry about. There is criticism regarding this point, but Japan is nonetheless grateful that such a debate exists. The other point is, as you mentioned, the fact that the shameful U.S.-Japan relations may be continued.

Escape From Inertia of the Cold War Era

[Johnson] You said that the status quo should be maintained, but I believe that is the problem. First of all, what is the status quo? When the old U.S.-Japan security pact was signed in 1951, Japan was in a postwar recovery period, China was going through a revolution, and the Korean War was at its peak. It was also an era when the (U.S.) dollar equaled 360 yen. However, the subsequent U.S.-Japan power balance changed drastically, the dollar dropped to one-fourth its yen value, and Japan has become the most advanced industrial nation in the world. Therefore, I think it is necessary for the security arrangement to be revised on the basis of the new status quo.

Nye believes that the "status quo" based on vested interests established under Cold War circumstances should be maintained intact. However, the Cold War is a condition which existed from 1950 to 1990. I cannot

help feeling that these relations are moving under a kind of inertia. Unless there is some major event like the nuclear issue in North Korea, the death of China's Deng Xiaoping or the return of Hong Kong to China, the U.S. forces should not withdraw from Asia. At this rate, the United States cannot escape from the inertia without the rise of a major incident. The American people do not even know the reason why the U.S. forces are in Asia.

[Okazaki] What I am saying is that the geopolitics do not change regardless of how many earthquakes Japan suffers. The Japanese archipelago hardly moves, you know (laughter).

However, I believe that, apart from the long-term geopolitics, the present has not changed noticeably since 1951. When the U.S.-Japan security treaty was signed, the main purpose was the security of the Korean Peninsula and the Taiwan Strait. The Soviet navy and air force at the time posed absolutely no problem for the U.S. 7th Fleet. The Soviet threat became the main *raison d'être* for the U.S.-Japan alliance toward the end of the 1970's. Meanwhile, the conditions surrounding the Korean Peninsula and the Taiwan Strait remain the same as when the U.S.-Japan pact was concluded.

However, I am not saying that the U.S.-Japan security alliance is necessary from such a short-term standpoint. I believe that it is a destiny stemming from the nature of Japan as an island nation and the continent of America. I believe it is best for the stability of the Asia-Pacific region.

Germany in This Century, Japan in the Next

[Johnson] I agree that it was a mistake to terminate the Anglo-Japanese alliance. However, my view differs from you concerning the change that has taken place since then. I believe there has been a great change—that there has been a movement in the power balance. Dr. Kissinger, former secretary of state, says: "The greatest political problem in the 21st century is the inability of France and England to cope with Germany's rise in power."

[Okazaki] You mean the situation in the early 20th century?

[Johnson] Germany was unable to use that power wisely. The greatest problem in the 21st century is how the foreign nations can cope with Japan's rise in power, how they can adjust to it, and they worry about it. I believe that there will inevitably come a time of urgency as to whether a situation once brought on by Germany in the world will be replicated by Japan, and how Japan will use its power.

That is why aggressive diplomacy—i.e. diplomacy which is based on the previous relationship of dependence becomes necessary. As long as the United States and Japan are allies, it is not proper for the troops of the other side—i.e. the United States—to be stationed in Japan. Almost daily, the people of Okinawa prefecture are demanding withdrawal from the U.S. forces bases there; and the stationing of 37,000 troops in South Korea is like carrying a time-bomb.

I recall that Shigeharu Matsumoto (late chairman of the International Cultural Institute) once said: "As a friend of the United States, I believe that there is no better friend than I, but even I am very sad that the U.S. troops are in places like Atsugi and Zama."

Rise of China's Power Is Realistic

[Okazaki] Your awareness of the present situation and mine differ greatly on this point. First, your point is that Japan has become great economically and politically, thus causing a major change in the status quo and in the international environment. As to whether it will continue to change steadily in the future, I do not believe it will change very much. The Japanese believe this; and this is also the recent thinking internationally. Japan's growth is close to its peak, its aging population is rising, and its savings rate will decline in another decade. High growth does not seem possible any longer. Moreover, there is no prospect of Japan's military power growing any further. Certainly, what you have stated did exist during the bubble economy, but I do not think it reflects the present situation.

Another major difference in our awareness of the present concerns the struggle in opposition against the U.S. bases. The situation in Okinawa around the 1970's was similar to the situation on mainland Japan during the 1960's, and I believe that the movement opposing the Okinawa bases will evaporate. Opposition to U.S. bases can no longer become a political force in Japan, and I do not think it is necessary to consider it as an issue.

I think Dr. Kissinger's argument which you cited is interesting. England applied balance of power to the European continent. In other words, when a nation on the continent tried to wrest territory from another nation, England sided with the weaker nation, and this is balance of power. However, the problem at the end of the 19th century was that Germany rapidly strengthened its national power without taking any territory which resulted in a collapse of the balance. Ultimately, the balance was not restored until the breakout of World War I.

In looking back on history today, most people think about China. The fact is, when I was reading Dr. Kissinger's article, I felt certain that he would touch upon China, but there was not a line referring to it. He is fond of China, as you know. However, I believe that the proper approach to the international situation is to consider China, and not Japan, as potentially changing the world's balance with its growing national power.

United States Should Also Be Aware of the Adjustment Process

[Johnson] It is important to consider Japan in the overall equation, but we must not forget that the United States has also changed with the times. I agree that Japan is in a process of aging and that its growth has slowed. However, we must also be aware of how the past relations are impacting on the American society. The United States has continued to be a completely unilateral superpower from the past. It has long maintained a role similar to the ancient Roman Empire. There is not much significance in the fact itself that a superpower has played such a role for so long. On the contrary, it could even be linked to a dangerous arrogance. It is dangerous to think that the United States could go anywhere in the world and exercise its military power in any emergency.

The United States has recently begun to finally look at its own fiscal affairs and to cope with the problems of macroeconomic balance. In the past, cutting the U.S. military budget was an entirely separate domain that was untouchable. I think that it is absurd from the standpoint of the American people. When the social welfare budget is being cut on the one hand, it is strange that we must maintain the lifestyle of the U.S. officers stationed in South Korea and Okinawa. The officers should return home and work diligently to live like the rest of us. We are therefore together in an adjustment process. I believe that not only has Japan changed, but that the United States must also become aware of that change.

[Okazaki] Nye's rebuttal of the argument you have just made may be found in FOREIGN AFFAIRS (July/August issue) which carried your article. His rebuttal says that the U.S. armament has been reduced considerably to a certain level. In order to maintain that level, it is more economical to station the U.S. forces in Japan than on the U.S. mainland. I can prove this point.

In this connection, there is another point in the Nye report which I like. It is that he discusses Asia only. It is said that 100,000 U.S. troops are stationed in Europe and 100,000 in Asia. It is possible to explain why 100,000 troops are necessary in Asia. A war could erupt on the Korean Peninsula. Or, if there is a war in the Persian Gulf, it can be sufficiently explained why marines are

sent immediately from Okinawa. However, regarding the 100,000 troops in Europe, it is difficult to explain why they are necessary. This is a matter of political posture. The only explanation I heard was that they are necessary because the F-15's which arrived first during the Gulf war were sent from bases in Germany, but that does not even require 10,000 men.

Therefore, when the frustration among the American people rises and attempts are made to cut military spending, the United States reduces the American forces in both Asia and Europe. If one side is to be cut, Europe would be the logical choice. In that sense, I like the report (laughter).

Lesson Learned by the United States Through Asia Involvement

[Johnson] In focusing the debate on Asia, it must be remembered that South Korea has 16 times more economic power than North Korea and that its size is also twice as large. I think that perhaps we have over-reacted to the North Korean nuclear arms issue which is in the news. North Korea's strength has declined. I cannot understand why 37,000 U.S. troops must continue to be stationed in South Korea. Formerly, it was true that the United States protected South Korea from the Soviet Union and China. However, during the past five years, both Russia and China have established and maintained friendly relations with South Korea. I do not believe that the United States should involve itself in the so-called internecine state of affairs on the Korean Peninsula. The United States must learn a lesson from the role it has played in Asia so far. We did not win the Korean War, and we lost the Vietnam war. There are no favorable results from the use of force by the United States in East Asia.

[Okazaki] North Korea's conventional forces alone cannot be defended against singly by South Korea. Especially in the case of a surprise attack by North Korea, South Korea cannot defend itself without U.S. assistance. Speaking about the history of the exercise of U.S. power in Asia, the United States has a shining record of global strategy called the "containment policy." If the U.S. forces and the ROK forces continue their status quo, North Korea must inevitably maintain its present armament. Thus, North Korea will ultimately walk the same path as the now defunct USSR. This is an important lesson that we learned from the containment policy. I greatly appreciate the postwar U.S. role. Japan's recovery depended on the special procurements during the Korean War. The recovery of South Korea and Southeast Asia depended on the Vietnam special procurements. This is particularly important politically. Prior to 1965, the Southeast Asian nations faced de-

featism in succumbing to communism. However, when the U.S. forces landed in Danang, Vietnam, in 1965, the coup d'etat in Indonesia failed. The Southeast Asian nations gained political confidence and showed economic growth. In this regard, I believe that we must all feel deeply thankful to the United States.

Good Relations With China a Common Task

[Johnson] I feel that the Cold War structure in Asia certainly played a crucial role, historically speaking, because Asia has become affluent. Its significance lies not in the defeat of communism or the end of colonialism, but in the fact that many Asian nations have become affluent. All of this transpired behind the Cold War structure. The liberation movement of the Asian nations evolved during this time within the framework of communism. Examples are China, Vietnam and North Korea.

Regarding the defense of South Korea, the United States has allied relations with South Korea as it does with Israel, but it does not station 37,000 troops in Israel. Also, it is written in the 1989 U.S. Defense Department report on South Korean defense that the ROK forces alone cannot defend themselves against nuclear attack or attacks by a third nation. If there is definitely the threat of a nuclear attack, I believe that the United States should defend South Korea. The United States is against South Korea arming itself with nuclear weapons to cope with the threats. If such a situation should arise, the U.S.-Japan alliance must also face a new evolution. Unless such a situation arises, I believe that the present structure, which is based on an old order, is coming to an end.

Now, what the Americans fear is that perhaps the United States is lagging behind the new Asia. Regarding the past wars in Asia, the discussion now centers on former Defense Secretary McNamara's memoirs. McNamara says: "The Vietnam War was wrong. We have committed a mistake. It is regrettable that 55,000 U.S. soldiers have died." Partly due to this, the United States itself is seeing a new logic concerning the U.S. presence in Asia.

The end of the Cold War means the end of the bipolar system. In retrospect, however, the world was quite comfortable under the bipolar system. I believe that, in the future, mankind will look back on the Cold War era and perhaps reminisce that it was a good era and a peaceful one.

For example, looking at post-Cold War East Asia, there are potentially dangerous elements in the new triangular relations between Japan, China and the United States.

Japan is probably suspicious about U.S.-China cooperation, while some Americans even declare that, if U.S.-Japan relations turn sour, the United States could conversely benefit from its relations with China. Professor S. Huntington of Harvard University is perhaps a typical example. It is somewhat similar to the situation in the 1930's when some Englishmen saw the confrontation between Hitler and Stalin as working to England's benefit.

On this point, it bothers me that the Ney report regards China as the enemy. Japan is doing its utmost to avoid the China problem. Examples are the Emperor's China visit, trade assistance and technology transfer under conditions favorable to China. Despite China's considerably insulting speech and behavior concerning the Taiwan problem, the Japanese government has pretended not to notice. Such Japan-China relations have impacted on U.S.-Japan relations also. How to get along with China is a major task for both Japan and the United States. Of course, in the long run, we must improve our relations with China.

United States-Japan Coordination on China Policies

[Okazaki] I am really glad that the bipolar system has ended and a monopolar system is in place. By a monopolar system we mean a monopolar system under the advanced democracies. Under the bipolar system, we lived in constant fear of Soviet nuclear bombs falling on Tokyo or an invasion of Hokkaido. I believe it was the same among the European peoples. You say regarding relations with China that there is no alternative to improving relations with China, but I do not agree. The United States has no alternative than to improve relations with Japan in order to improve relations with China. This does not apply to China alone, but also to the question of the direction of a reunified Korea in the future, or where Russia will turn if it becomes strong again. It is more a matter for them to decide than for us to conjecture.

If the U.S.-Japan alliance was very stable and unshakeable, it would be the major prerequisite condition in their policymaking. Particularly regarding a reunified Korea there have always been a variety of options, but the foremost identity which the people of South Korea see for themselves is the fact that they have a higher living standard than either Russia or China. This is the biggest source of pride for the South Koreans. In that sense, if the U.S.-Japan alliance is unshakeable, the policy options for South Korea would be narrowed considerably and Asia would be stable.

Certainly, the implementation of policy theories is attended by enormous problems. In particular, throughout the 20th century, U.S.-Japan relations have been

constantly aggravated by the China problem. Therefore, Japan and the United States must consistently coordinate their China policies. The fact is, after Japan lost the Pacific War, the China policies of Japan and the United States were in perfect agreement from 1945 to 1971. Notwithstanding opposition views held domestically, the Japanese Government was in complete agreement with the United States as far as its China policy was concerned. It was Dr. Kissinger who tore it apart. Even today 20 years later, Japan and the United States disagree. It is extremely important for the U.S.-Japan alliance to readjust again and maintain similar China policies. I believe that a sound alliance is also important for stability in Asia.

Old Security Pact Is Better Dissolved

[Johnson] The primary problem in the future is how to handle China. After all, the only hope for China is economic progress. It is important for us to assist China in developing its economy while actively maintaining relations with China. Although it will not greatly benefit the present generation of Chinese, it is important to consider the future prospects and future gains by looking toward China.

In that sense, I support Japan's China policy. It is not what the Japanese government is saying, but what it is actually doing. In other words, its posture of dealing harmoniously with China is extremely rational. It is also important for the United States to deal with China in harmony, rather than to be fastidiously correct about human rights. Certainly, as you say, only with the presence of a solid U.S.-Japan alliance can there be response by China. The question is whether such a firm U.S.-Japan alliance exists today. What I wish to say is that it does not exist, or efforts are not being made to create such relations. I do not at all blame Japan, but from the U.S. standpoint it was Japan which benefited most from the Cold War structure. Because it was beneficial for Japan, Japan probably wishes to perpetuate the alliance the Cold War structure as long as possible.

However, maintaining such unchanging relations is not beneficial for the United States. Therefore, in order to cope with China based on a solid U.S.-Japan alliance, is not a new security treaty necessary, instead of a security pact that relies on inertia? This is the very point on which I refute Ney's contention. In order to build a U.S.-Japan alliance in the true sense, renegotiations must be conducted to conclude a new treaty and to clarify the respective shares of the burden for Japan and the United States within its framework. The responsibilities on each side must be clarified. There is also a need to sufficiently explain the content to both peoples. If this

cannot be done, a peaceful dissolution of the treaty is the only alternative. Otherwise, we will only continue an unrealistic commitment.

An "Ordinary Nation" Sharing the Burden of the Alliance

[Okazaki] This is truly as I mentioned at the outset. It is the Chalmers Johnson style. On the main points of issue, I agree fully. On the particulars, there are many questions.

Now to tell you about my dream. It is that the Japanese race lives in security for another half century. For that purpose, I believe that the U.S.-Japan alliance must be put on a solid footing. My ideal is that Japan also recognizes its right of collective defense and becomes an "ordinary nation."

Now, one error in the Ney article is that he interprets an "ordinary nation" as an independent armed nation that is detached from the U.S.-Japan alliance. This is a fallacy. An "ordinary nation" means to be an ordinary nation which is an ally of the United States. For example, when Japan becomes a nation like England and the United States performs its global responsibilities, it always stands shoulder-to-shoulder with the United States with troops whether in the Persian Gulf or Haiti, regardless of success or failure. In doing so, I believe that Japan and the Japanese race will be secure for the next half-century. This aspect is missing completely in the Ney report. I believe it is inevitable because the report supports the status quo. Consequently, it asks nothing of Japan. It merely presents a shopping list, requesting purchases of AWAC's and Patriot missiles. If the U.S.-Japan alliance can thus be maintained, so be it. I believe it can be maintained for two years. On a long-term basis, however, I agree with you that it will not endure.

Therefore, the question is how to realize it. You contend that the security pact should be abrogated, and I also said so during the Cold War era. It was during the heyday of opposition to the security treaty. I stated that, once it is abrogated, the Japanese will immediately long for an alliance. However, it lacked reality. Now, when you say: "The security treaty should be dissolved once, and then redrafted," what kind of scenario are you contemplating? I do not believe it is at all possible to abrogate the treaty, remove the bases in Okinawa and Yokosuka, and then renegotiate.

Creating an Environment for an "Ordinary Nation"

[Johnson] Speaking of an "ordinary nation," I believe the United States must also become an "ordinary nation." For a long time, the United States has played the role of the world's policeman, God and the Roman Em-

pire. This was not at all a healthy role for the United States as a democracy. A part of the responsibility for Japan not being an "ordinary nation" lies with the United States. I think it is important for the United States to recognize it. Aside from whether it was intentional or not, I believe the fact that Japan is not an "ordinary nation" resulted as a byproduct of the politics of the Cold War structure, and is a result of Japan's position of subordination to the United States.

This is completely different from Germany which was a NATO member from May 1955. World War II again became a subject of discussion in the Japanese Diet, but the Americans would be a little concerned if it took place in Germany.

What I wish to say is that Japan must also begin to walk the path of an "ordinary nation," and the United States must trust Japan in order to enable it to do so. The Japanese Government must work more seriously and consciously to maintain peace in the various nations of the world. Japan must also involve itself in Bosnia and China's nuclear issue. However, no one can guarantee that it will work out smoothly, or that it will really function.

Looking back on U.S.-Japan relations after the 1970 Nixon shock, Japan will not change unless the circumstances change. Japan has not changed its position through negotiations, but has changed only when the circumstances changed. According to Shinji Fukukawa, who was the former Ministry of International and Trade [MITI] administrative vice minister, there are only two instances when Japan changed because of changes in circumstances. They happened after the dollar shock during the Nixon era and the oil shock in 1973. Japan responded swiftly to these situations. I too believe that Japan's responses were extremely quick.

The lesson which we learned was that Japan does not cope unless the situation changes, or that it is difficult for it to change. In the recent auto talks also, I do not believe they were merely negotiations concerning the auto industry. We already compromised one-third of the auto industry 20 years ago. I believe that the U.S.-Japan auto talks constituted an attempt by the U.S. Government to search for a way to make Japan an "ordinary nation."

If so, why has it developed into such a pressure situation now? The reason, in effect, is that domestic discussions began, after the dismantling of the Liberal Democratic Party [LDP] system, on the meaning of sovereignty, how to maintain peace and whether the constitution should be revised. The YOMIURI SHIMBUN has made various proposals concerning the constitution. Discussions are also emerging on the duties of self-defense

within the constitutional framework, in addition to the legalization of the Self Defense Force. I basically agree with such debates. However, at this point, despite the LDP's participation, the present coalition administration is headed by Prime Minister Murayama who opposed the security treaty for 30 years. How will the United States cope with this? If it adopts an indifferent attitude, it will mean that the prime minister of Japan is of little concern to the United States. Regarding the question of how to persuade Japan to become an "ordinary nation" under such circumstances, the only alternative is to persuade it to change while controlling the environment. I believe that, in this regard, Japan is fully capable of an appropriate response. Certainly, my argument may be attended by a risk in a sense. It is a risk, but also an opportunity. That opportunity should be utilized. Although Ney says that risks should be avoided, I see Ney's direction as eventually leading to problems. This also applies to the trade issues. Even if Japan's financial circles split because of outside pressures, I believe that this is a good opportunity to use the split to encourage the financiers to choose really trustworthy leaders, and to have the trusted leaders negotiate with us.

[Okazaki] What you say is, in effect, that shock treatment is necessary.

[Johnson] Exactly.

Political Shock Treatment Unacceptable

[Okazaki] Regarding economic problems, shock treatment or outside pressures are certainly effective to an extent. Outside pressure to force open a market is significant. Of course, numerical goals do not even constitute shock.

However, the United States is not capable of shock treatment concerning political problems. You mentioned about controlling change, but the United States is not capable of doing that. The government and the Congress decide to abrogate the security treaty, and Japan changes its thinking as a result. As to whether the United States can draft a new security treaty, it is not such an adroit nation. The United States may return to isolationism or rush toward China. It cannot be assumed beforehand that it will return to the U.S.-Japan alliance.

Therefore, I feel that a political shock treatment is not such a safe and persuasive scenario. Nonetheless, the Japanese will not act on conceptual or abstract problems. I have therefore always worked to create an ideological soil which could change the people's past attitudes whenever a shock comes, and I intend to continue to do so. I feel that it will steadily prove successful. When something occurs next, the government could decide and the people will follow. I believe that such a gradual

approach is preferable. However, a concrete scenario for shock treatment does not apply to the security problem (laughter).

[Johnson] Your view on the shock treatment is extremely wise. A while ago, the emergency situation in South Korea was mentioned. The Korean Peninsula is a most delicate area in that sense. If something should happen and U.S. soldiers lose their lives, and the news of a situation where the Japanese merely look on is made public in the United States, the sentiment of the American people will demand an immediate dissolution of the mutual alliance. As a result, the alliance could be abrogated instantly.

In considering the future by hypothesizing such a situation, the American people must have a new concern about China. Ney does not propose any solution to the problem. The United States and Japan have generally reached nearly equal status economically, and I believe that they must share clearly defined burdens in implementing their respective tasks. At this point, it may be necessary to apply some pressure on Japanese public opinion.

The NEW YORK TIMES carried an article on the maintenance of peace, and its gist is as follows: "Japan indicates its desire to become a member of the UN Security Council. If so, let us put Japan to the test." It goes as far as to propose that "Japan should be given the theme of a solution to the Bosnia problem and be tested. What about sending the Self Defense Force to Akashi [Akashi, former special representative of the UN secretary general in charge of the former Yugoslavia region] and [Sadako] Ogata [UN High Commissioner for Refugees]?" Certainly, we must be careful about shock treatment. However, some step is necessary to induce the people to think about the present situation.

Importance of U.S.-Japan Security Treaty Noted

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[Article by Yukio Okamoto, consultant: "The Fallacy of C. Johnson's 'Theory of Dismantling the Japan-U.S. Security Arrangement'"]

[FBIS Translated Text] Most of Professor Chalmers Johnson's criticism against the Japan-U.S. Security arrangement in this journal's last month issue is off the point. Running through his essay from first to last is distrust of Japan's performance or nonperformance thus far in the field of security.

We Cannot Say Peace has Settled Upon East Asia

East Asia was in a state of chaos 20 years ago. Cultural revolution was still continuing in China. There were

no diplomatic relations between the United States and China. The North-South Red Cross talks were about all that could be observed on the Korean peninsula. There was the fall of Saigon in Indochina. Unified socialist Vietnam was gaining momentum, posing a great threat to the region. In Cambodia, Khmer Rouge's Pol Pot was about to begin his politics of terror. ASEAN was existing, but it had not yet held its first summit meeting. Malaysia and the Philippines were on tense terms over the ownership of Sabah, and above all things, the United States and the Soviet Union were in the midst of the Cold War with its effects extending to all over the Far East.

Take a look at the present East Asia. How great a change it has undergone. Not only the Cold War structure has disappeared. Through the eye-opening development primarily in a flock of newly industrializing countries, the stability and resilience of East Asian countries have markedly increased. The regional cooperation system, too, has steadily been consolidating. China also requires stable international circumstances for its domestic economic construction. Both North Korea and South Korea joined the United Nations, and North Korea, though temporarily, has agreed with the United States on a security issue called nuclear development. There are now astonishing degrees of stability and prosperity in the region, compared with 20 years ago.

The role which the United States has performed during this period is great. Despite domestic pressures for isolationism, the U.S. government has continued to follow its policy of playing a part in Asia. Regrettably, Asia in the past could not perpetuate peace with the effort of countries within the area alone. It was under the circumstances where interventions by outside powers were indispensable due to the entanglement of the following various threats in Asia: the Soviet Union versus China; China versus Vietnam; Vietnam versus Cambodia; Thai versus Burma; the ROK versus North Korea; India versus Pakistan; China versus Taiwan, though the nature of the threat differs; and China's and the ROK's suspicion of Japan. In this sense, the U.S. military presence has performed an important role in consolidating Asian peace threatened with collapse.

Well, now that Asia has become the liveliest region in the world economy and that its democratization has been progressing, will there be no more need for the U.S. military forward deployment strategy? Prof. Chalmers Johnson argues for the withdrawal of U.S. troops in the July/August issue of FOREIGN AFFAIRS (his essay carried in the August issue of this journal under the title of "Peaceful Dismantling of the Treaty"). He says that after the disappearance of the Cold War structure there is no need to station forces in Asia

at the cost of \$35 billion for the sake of Japan, etc. which do not make full efforts for their own defenses. He says that outdated U.S. security policy "does not encourage a healthier liberal democracy in Japan but instead strengthens reactionary, narrow-minded political leadership." It is the people of the United States to which he is appealing. He says that the United States earns nothing by its military presence in Asia and that the closing of its two bases, Clark and Subic Bases, produced no minus effect whatsoever on the stability of Asia.

His arguments deserve a sincere response if they are rid of emotional factors which Professor Johnson often shows in his attacks on Japan through various media. This is because it in a sense stands to reason to argue that the U.S. military withdrawal is warranted by actual decrease of threats due to the disappearance of the Soviet Union, the open-door policies by China and Vietnam, and the North-South dialogue on the Korean Peninsula. However, the question is the outlook on future developments. We cannot say that peace has settled upon East Asia. There are remaining threats, and some threats are to emerge in the future. Germination of hegemonism, too, is observed in China. There is also an arms race among countries in this region which now have ample foreign money. Rather, the last several years may have been the most stable period in East Asia as a time of transition from the Cold War structure to a new strained era. In this context, it is basically unlikely that the United States will change its judgement and shift from the policy of continuing its military presence in Asia as observed in a Department of Defense report in February this year, entitled "United States Security Strategy for the East Asia Pacific Region" (the so-called Nye report). Professor Johnson will say that it is not a matter of concern to the United States whether Asia gets destabilized or not. However, the U.S. military presence for Japan and other East Asian countries is not motivated by its one-sided goodwill alone. The United States is stationing its forces also for the stability of the Asia-Pacific region, an economic center becoming vitally important to itself. The U.S. military in Japan, the particular target of Professor Johnson's criticism, is of course an entity essential to Japan's security, but at the same time it is also a force for securing the broad national interests of America itself.

U.S. Military in Japan is Important to America as Well

It would be unnecessary to give a detailed account of Japan's essential need of the U.S. military. The Self-Defense Forces [SDF] whose ground troops only number 150,000 and which are not allowed to even

make an offensive defense under the Constitution are unlikely to be able to defend Japan single-handedly. This does not mean that they can defend Japan if they join forces with the U.S. military in Japan. The point is that Japan can be defended under a security arrangement which regards "an attack on Japan as an attack on the United States" through, theoretically speaking, the support of all U.S. forces, including those deployed on the American mainland, and through joint countermeasures. This is the mechanism of the Japan-U.S. security system. The Security Treaty is a piece of paper, but the U.S. military in Japan is significant in that it ensures this mechanism substantially. Accordingly, it does not matter if the U.S. military in Japan itself is not functioning as the "Japan Garrison." If it constitutes part of the entire U.S. forces in a large sense, its presence becomes a substantial endorsement of the security arrangement.

On the other hand, those disputants on the U.S. side who call for the abrogation of the Japan-U.S. security arrangement do not fully understand that the 45,000 U.S. troops in Japan have an extremely important significance for the United States as well. The importance is quite obvious when we see the composition of U.S. forces in Japan. Half of them are units of the 3d Marine Corps Division stationed in Okinawa. In terms of function, the Marine Corps's main mission is to attack. In case a dispute flares up in the Far East, it is the most appropriate force for landing and establishing a bridgehead for a start. Moreover, the U.S. air force in Japan is not simply defending the skies over Japan. It serves as a strategic point for air defense which, sharing responsibilities with the U.S. air force in the ROK, keeps a watchful eye on the northern air zone. Showing the importance most illustratively is the naval force. A total of 7,000 naval personnel stationed in Japan make up backup units posted in Yokosuka and Sasebo to conduct maintenance work and logistics support for the 7th Fleet. The 7th Fleet composed of 60 naval vessels and 50,000 personnel is a key force in the American strategy toward the Asia-Pacific region with its range of defense covering the Western Pacific and the entire Indian Ocean. Most of 36,000 U.S. military personnel in the ROK belong to the army. This is because their mission is to defend the ROK. How many U.S. army personnel are there to defend Japan? Only a management unit having less than 2,000 personnel is situated in Camp Zama. In other words, it may be said that the mission of U.S. forces in Japan covers a larger zone than any other U.S. forces based across the world under a forward deployment strategy, may it not? The U.S. military can get along in spite of the closing of Clark and Subic Bases because there are U.S. military bases in Japan. A further debate is impossible unless the Japanese side un-

derstands that, though the mission of the U.S. military in Japan covers an extensive zone in terms of function, the U.S. military presence is indispensable to Japan's defense, while the U.S. side understands the indispensability to itself.

Incidentally, concerning a "theory of wasting \$35 billion" for Japan and the ROK, the base for this numerical figure is doubtful, but the cost is kept at the present amount largely because there is the large-scale host-nation support from Japan. Of course, it is unlikely that Professor Johnson does not know this fact.

Is Japan Rightly Understanding Spirit of Treaty?

Most of Professor Johnson's criticism against the Japan-U.S. security arrangement is off the point. Then, are there no questionable aspects on the part of Japan in its operation of the security arrangement? Certainly, there are.

The first question is whether Japan is correctly understanding the basic spirit of the security arrangement. Article 5 of the Security Treaty stipulates that in case of an armed attack against "the territories under the administration of Japan" the two countries "would act to meet the common danger." In other words, Japan and the United States are to take countermeasures jointly in case of an attack on Japan on whatever scale. However, the "National Defense Program Outline" which Japan drew up by itself contains the thought that Japan "would repel attacks single-handedly in principle concerning a limited and small-scale aggression." If this portion alone is stretched in interpretation, it could mean that Japan should have its own weapons system and defense scenario. The FSX (the next-generation support fighter) is a good example in this regard. Japan designed the FSX under the notion that Japan would confront the Soviet AWACS [Airborne Warning and Control System] and the penetrating plane group single-handedly without the protection of the American AWACS and the F-16. The United States deplored this concept and said: We are to act jointly with the SDF from the beginning of an aggression whether the aggression is on a small or a limited scale on the basis of Article 5 of the treaty. Therefore, in making your study, please also consider the availability of U.S. military materials, equipment and aircraft groups. We will handle the Soviet AWACS. There is no need for Japan to develop the FSX for itself at high budgetary expenses, is there? Is it not good enough to use existing F-16's and F-18's just as they are? These were American assertions. Lying behind these assertions were, of course, America's commercial interests, but on the other hand, as an essential theory, what the U.S. side points out herein is not necessarily wrong. The idea of Japan "repelling an aggression for itself in

case the aggression is limited and small-scaled" is fine as a mental attitude; however, it would be like putting the cart before the horse if this idea comes to impede the two countries' relations of trust and interoperability in operating their security arrangement.

The second question concerns the fact that Japan is not necessarily under a system which enables it to faithfully carry out the operation of the Japan-U.S. security arrangement on the basis of treaty provisions. It is the question of whether Japan can even let U.S. forces exercise their rights provided in the Security Treaty and the Japan-U.S. Status of Forces Agreement, and a debate on this question should precede flourishy arguments on rethinking the right of collective self-defense and on the emergency defense legislation. For example, movements of U.S. forces, their calls at ports, and the furnishing of transport ships by the Japanese government in case of emergency on the Korean Peninsular are matters on which Japan should naturally cooperate from the angle of the treaty's spirit as well. However, in actuality Japan is not under a system that enables it to carry out these things smoothly. Security is comparable to an insurance. Will the Japan-U.S. security arrangement with which Japan has insured its life prove workable when a calamity befalls Japan no matter how low the calamity's probability is? It is fatal if the arrangement does not work smoothly.

Under What Situation Will Japan-U.S. Breakup Come?

It is the treaty's portion dealing with the so-called Far East defense that is especially open to question. Concerning Article 5 of the treaty, that is, as to Japan-U.S. defense cooperation in the event of an attack on Japan, there can be no grumbling for Japan. The security arrangement will be put in motion one way or another, tiding over whatever impediments Japan faces. The question is the so-called Article 6 situation, that is, the case in which an emergency takes place somewhere in the Far East though Japan is not attacked. The situation is not as urgent as when Japan itself is attacked. Much less is the urgency of working out a system beforehand on the supposition that such a situation will take place. In Japan, standing in the way of the treaty and barring the complete implementation of the purport of the treaty are various laws, Diet resolutions, opinions of the Cabinet Legislative Bureau, etc. which are subordinate criteria to the treaty—a norm at least to be placed next to the Constitution.

What is annoying is the fact that Article 6 is more important for the part of the United States. This is because it is hard to suppose a situation in which Japan alone is attacked when everywhere in the Far East is

peaceful. The probability is much higher that a dispute flares up somewhere in the Far East and that the dispute threatens Japan's security. However, for Japan, Article 6 is not as important as Article 5 as a matter of fact. It seems to be this gap that is causing a confrontation and a catastrophic situation between Japan and the United States. It is unlikely that the United States will pull out its forces in Japan according to its own one-sided convenience as referred to by Professor Johnson, but there can be a rupture over Article 6. Worse still, it will instantly heighten the danger of a breakup between Japan and the United States if a dispute takes place due to an upset of the balance on the Korean Peninsular or any setback in the U.S.-North Korean agreement. This is the very point that Japan should think about seriously.

However, even if those questionable aspects are resolved, a situation still can take place in which the Maritime SDF escort ships do not act together with U.S. forces and "stand idly by and watch" a dispute in the sea zone of the Korean Peninsula as pointed out by Professor Johnson. But in case such a situation touches off an emotional explosion in the United States, it is still hard for Japan to do anything about the situation. This is what the Japanese Constitution provides. If the United States does not understand such a Japan, then there is nothing for Japan to do but to resign itself to the breakup of Japan-U.S. relations. Nevertheless, it is Japan's duty to make arrangements so that it can take all measures allowed under the Constitution at a stage before such a situation develops.

What is running through the Johnson essay is distrust of Japan's performance or nonperformance thus far in the field of security. To be sure, Japan's pace has been slow and its response has always been a step behind the internationally allowable minimum standards. Yet Japan still has moved ahead. In the first half of the 1980's, it was unthinkable in Japan to dispatch election monitors overseas. However, in 1987 Japan even reached a stage where it studied dispatching the Maritime Safety Agency's patrol boats for the security of tankers navigating the Persian Gulf subjected to an increasing danger due to the Iran-Iraq War. Although the dispatch plan was not implemented at the last phase, after a passage of nearly four years the work for the plan laid a groundwork for the decision to send a minesweeper unit following the end of the Gulf War. On the other hand, at the time of the Gulf War there were frequent requests for dispatching SDF members, but their dispatch was not realized. However, the arguments at that time were linked to the establishment of the PKO [UN Peace-Keeping Operations] Peace Cooperation Act two years later. Then, an SDF engineer unit was sent to Cambodia. This marked a very significant turnabout.

It is, of course, not Japan's final aim to dispatch the SDF overseas for the exercise of armed force. Japan should not go that far. However, regarding its PKO participation for example, Japan should be able to join in the operations (of course, for non-combative purposes) more flexibly and in a way enabling it to complete its mission on its own.

The Johnson essay will lose its logical and also emotional foundations only when Japan accepts its nation-defending activity as a matter of course and further attains the lowest allowable participation in the international peace-keeping efforts.

[Box, p 93]

Mr. Yukio Okamoto, international consultant: Born in 1945; graduated in economics from Hitotsubashi University in 1968; entered the Foreign Ministry in the same year; served at the OECD's Japanese Representative Office, at the Foreign Ministry's Economic Affairs Bureau, at the Japanese Embassy in the United States, etc. and then was assigned to the Foreign Ministry to work as chief of the First North America Division of the North American Affairs Bureau; retired in January 1991; has since been following the present profession.

Journal Views Next U.S. Move on Market Issues

952A0768A Tokyo *EKONOMISUTO* in Japanese
22 Aug 95 p 63-65

[Article by Hiroyuki Tezuka, chief NKK Washington Office]

[FBIS Translated Text] Sanctuary Market Argument Gaining Strength

Nowadays in Washington you hear the term "sanctuary market" used in reference to Japan a lot, which claims that the very essence of international competitiveness of Japanese corporations lies in the fact that they have a "unique" sanctuary, the Japanese market, which is guaranteed to be closed to outsiders. Two people invoking this term are Clyde Prestowitz, an adherent to the tough-on-Japan faction and currently head of the well-known Economic Strategy Institute, and Alan Wolff, an attorney who was formerly Deputy United States Trade Representative [USTR] noted for stirring up U.S.-Japan trade friction and who is currently counsel to Kodak and the U.S. steel and semiconductor industries. Most recently, U.S. Trade Representative Mickey Kantor and Michigan Senator Carl Levin have been invoking it as well.

According to them, "Japanese companies use the excess profits obtained in their protected and guaranteed market at home as a basis from which to make enormous in-

vestments abroad and to continue dumping exports without losing price competitiveness despite the high yen." In other words, unless you crack the Japanese sanctuary market open, there is no way to wrest Japanese corporations of their competitiveness. So regardless of the fanfare with which you impose anti-dumping duties and voluntary export restraints, if you do not eradicate the underlying source of Japanese companies' competitiveness, U.S. companies cannot rest easy. Recent U.S.-Japan trade friction has taken just one form, whether it be negotiations on construction or cars, namely, that the U.S. claims that Japan's market is closed and unfair and requests that Japan correct it. You have to be aware of the fact that lurking behind this is the strategic business objective of U.S. corporations, which is to attack the Japanese mainland and weaken the competitiveness of Japanese corporations.

In the round of auto negotiations that ended recently, the United States consistently asked Japan to break up keiretsu relationships between automobile manufacturers and their dealerships and parts suppliers. This is because the United States is increasingly realizing that [more important] than getting Japan to import more finished vehicles, is the fact that they are constantly forced to increase purchases of parts in Japan because the competitiveness of finished car manufacturers is built around a tightly-knit network tying the finished car manufacturers to a steady supply of high-quality, low-cost parts from their affiliated parts makers. By pressing the Japanese finished car makers to purchase U.S.-made parts in the context of the high yen, the United States is trying to wrest the parts market away from the Japanese parts makers by weakening them and destroying the cohesiveness of the keiretsu network. Ultimately, this is meant to strip the Japanese automobile industry of its competitiveness.

Following the automobile talks came the Section 301 petition under the U.S. Trade Act submitted by Kodak regarding the closedness of the Japanese film market. This petition is based on the idea that the source of competitiveness of Fuji Photo Film, which is eating away at Kodak's worldwide monopoly, lies in its boasting a 70-percent share of the domestic Japanese market. By driving a wedge into the Japanese market, Kodak can achieve its real objective, which is not just to sell more film in the Japanese market, but to weaken Fuji Photo Film itself.

Upon instructions from George Fisher, who moved from Motorola to become chairman of Kodak, the law firm of Dewey Ballantine, which is under the leadership of Alan Wolf, spent over \$1 million and approximately two years in compiling the materials for the petition, a nearly

300-page analysis of the closedness of the Japanese film market.

Incidentally, this law firm recently hired Charles Lake, the former USTR Director of Japan Affairs where he was well-known for his mastery of Japanese. The WASHINGTON POST portrayed these men as the Dream Team for writing petitions against Japan. It likened them to an all-star U.S. Olympic basketball team and said that they have been swamped by requests from other U.S. companies. The firm has already put together a team specializing in market analysis of semiconductors and begun research on amending and strengthening the U.S.-Japan Semiconductor Arrangement, which is due to expire next summer. Trade friction does not just happen, it is deliberately stirred up via this thoroughgoing preparation and groundwork.

It turned out that in this round of auto talks the United States tried to effect a conclusion to the talks by preserving its old method of high-pressure trade negotiations by wielding Section 301 sanctions as leverage. Because people believed that the United States would certainly lose at the World Trade Organization [WTO] if sanctions were invoked, the credibility of U.S. trade policy internationally was notably damaged. This should make it difficult to continue the existing negotiating pattern of exacting concessions out of another country using unilateral sanctions as leverage.

The reason the United States avoided sanctions at the final stage of negotiations was not because they came to an agreement, but because the Clinton administration judged that invoking sanctions would be disadvantageous. If you think about it, sanctions are akin to nuclear weapons whose real power lies in their deterrent effect. Once used the sanctions would have hurt the United States as well. What happened here is that the Administration judged that it would be content for the time being with the Japanese automobile manufacturers' voluntary targets and preserved the Section 301 sanction lever while moving venue of the fight to the Kodak case which they hope will be better suited than the auto case to building a clear and detailed case against the unfairness of the Japanese market.

Petrochemical Industry Targeted

Right now in Washington the U.S. Government is quietly encouraging U.S. companies by applying U.S. Trade Law Section 301 sanctions to anti-competitive practices in foreign markets. As part of the Clinton Administration's strategy to enhance the competitiveness of U.S. companies Anne Bingaman, assistant attorney general for the Department of Justice's Antitrust Division, is spearheading a study on extraterritorial application of the U.S. Antimonopoly Law. When a U.S.

company has suffered losses in an overseas market as a result of cartels or other anti-competitive practices foreign corporations engage in, they would try to make a ruling on this using the U.S. Antimonopoly Law. The targets are, of course, Japan's keiretsu business dealings, cartels, and consultative business deals.

However, given the sovereignty problem associated with direct enforcement, they concluded that the United States cannot unilaterally enact domestic U.S. law overseas. In the end, they have proceeded to try to make international antimonopoly laws equal, with the stiff U.S.-style antimonopoly law the international standard. In addition to this, the juridical authorities in the U.S. have cleared the path to understanding the nature of business dealings in foreign markets by constructing a system of cooperation and information exchange with the antimonopoly authorities of all other countries. Because it takes time to set up a legal system like this, in the meantime discrete trade negotiations on anti-competitive practices overseas using Section 301 sanctions as a negotiating tool have emerged as the expedient for passing unilateral judgement on anti-competitive foreign business practices. This is what you see happening in the Kodak case.

In fact, a research paper is being published this summer that promises to be a new source of trade friction in the United States. The author is an assistant professor at Purdue University named Mark Tilton. According to a speech Mr. Tilton gave during a conference held recently at the U.S. Library of Congress, Japan's basic materials industries, such as the petrochemicals industry, have essentially formed government-sanctioned cartels. Their price-setting mechanism is extremely delicate, whereby the so-called trade associations, with their quasi-public status, group themselves into cartels which function as intermediaries between their industry and supervising ministries by collecting statistics, thereby supplying the foundation for setting prices. Not only the government, but the end-users of the basic materials supported this type of cartel in the name of a stable supply with the result that a structure sustaining that stability is now in place. Tilton says that sanctuary markets, such as that in the petrochemicals industry where cartels maintain prices, exist in other basic materials industries including cement, glass, and iron and steel. There is no doubt that this research paper will stir up debate in the United States after it is published in the fall.

As stated above, there are a multiplicity of strong forces behind U.S. trade friction, including the U.S. companies that seek to divest Japanese companies of their competitive strength, trade lawyers making a fortune on suits against Japan that push the U.S. Trade Law to its limit, and academics who are skeptical about the Japanese

market system. The Clinton Administration, satirized for being uncommonly opportunistic and "campaign strategy headquarters," has blended these forces into its current U.S. trade policy for Japan.

It is highly questionable whether this policy can be characterized as one based on economic ideas, but whatever it is, it is surely a "philosophy" whereby they will do whatever they have to to support the Administration. In other words, there is no consistent policy such as what is often characterized in Japan as "the Clinton Administration's trade policy toward Japan," despite the fact that there are people in the administration and business community with a refined understanding of the relationship with Japan. But this is America, where if it is legal and they have the support of the mass media and the public, they will do anything to profit themselves. As long as there are people who "can make money off it," U.S.-Japan trade friction will persist in the future.

U.S. Style Economic Hegemony

Every aspect of this U.S.-Japan economic friction reflects the individual interests of the people and groups involved in it. You can interpret this trade friction as a composite of a lot of insignificant problems, but you cannot deny the emergence of a larger blueprint for a more troubling conflict. Since the 1980s the revisionists have asserted that the Japanese economic system differs from the U.S. and European capitalist systems, that it is mercantilist and export-driven, that it is self-promoting, and that it is intractable, but now you see a renewed and growing sense of crisis in the United States.

Right now all of the Asian countries growing at such remarkable rates are following the Japanese economic development model as they try to construct an economic bloc that is centered around Asian-style capitalism. The United States is concerned that its own economic welfare will be hurt by this. Recently the President of the Japan Policy Research Institute, Chalmers Johnson, who is considered the grandfather of all revisionists and is famous for his research on Japanese industrial policy, addressed this issue in the July/August issue of *FOREIGN AFFAIRS* magazine. Given that U.S. and Japanese economic interests in Asia are so fundamentally at odds, he went so far as to mention breaking the U.S.-Japan Security Treaty.

The United States is likely to stir up future economic friction that looks like a new "Occupation Policy" to prove that the economies of Asia and Japan will ultimately be the same as the U.S. and European styles of capitalism. In the same way that Japan has already adopted the U.S. style of democracy, and one after another Asian countries out from under colonial rule

have adopted the democratic model, so the United States will force the Asian countries to adopt U.S.-style capitalism and force them to behave economically in accordance with rules laid out by the United States. This is U.S.-style economic hegemony.

Trying to continually maintain the system of high-speed economic development under conditions of low economic growth when Japan has become a maturing economy may be the reason the country is now suffering from the aftereffects of the bubble economy and high yen. The question is whether Japan, having already achieved the enviably rapid rate of development of Asian countries, will steer a course toward a stable economic structure now that it is a fully-industrialized country.

The first concern of the Japanese people is whether the Japanese system will become just like the U.S.-style capitalist system as the United States wants, with its fierce competition at home and its constant self-reliance allowing its corporations to rise and fall; or whether it will construct its own uniquely-Japanese model of a mature-economy, whereby everyone agrees as an unit bound by a single fate, about social costs and benefits. Regardless of whether the United States demands it or not, Japan must come up with an answer by itself for its own benefit. government says the U.S. side indicates a positive stand on accepting this proposal. This agreement is expected to be concluded sometime during 1996.

North Korea

U.S. Defense Official's Remarks Denounced

*SK1412001395 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 13 Dec 95*

[FBIS Translated Text] According to reports, U.S. Assistant Secretary of Defense Nye again raised the fictitious North Korean threat. At the 11 December gathering in Washington, he made remarks about guaranteeing the stability of East Asia as the long-term objective of the U.S.-Japan military alliance, and stressed the need to prepare for the North Korean threat under the pretext of regional security. He then raved that the plan to reduce U.S. Forces in the region has been suspended due to the situation in North Korea.

Nye devised the U.S. domination-oriented military strategy for East Asia, which aims at the continuous presence of massive U.S. Forces in Asia after the end of the Cold War. Not long ago, he raved about the North Korean threat theory in his article carried by the U.S. paper *THE WASHINGTON POST*.

The theory on the North Korean threat is a condensed expression of the U.S. hostile policy against the DPRK. Behind the policy is the U.S. risky attempt to strengthen hostile military acts against our country.

Hostile U.S. Military Policy Noted

*SK1412042495 Pyongyang KCNA in English
0345 GMT 14 Dec 95*

["Warmaniac's Remarks" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — U.S. Assistant Secretary of Defense Nye reiterated fictitious "North Korean threat", according to a report.

At a seminar in Washington on December 11 he stressed the need to tackle the lingering North Korean threat under the pretext of "regional security", talking about the process of "ensuring stability in East Asia" as a long-term objective of the U.S.-Japan bilateral alliance.

He said that the North Korean situation has prompted the U.S. to suspend a reduction of its troops in the region.

He wrote a U.S. dominationist strategic Pentagon report on East Asia, which called for the U.S. to maintain massive troops in Asia after the end of the Cold War. He vociferated about "North Korean threat" in his article last week contributed to THE WASHINGTON POST.

The argument about "North Korean threat" is a concentrative expression of the U.S. policy of antagonizing the DPRK. Lurking behind it is an adventurous attempt of the United States to further intensify its hostile military action against the DPRK.

Reaction to U.S. Propaganda of DPRK 'Threat'

*SK1412100195 Pyongyang KCNA in English
0937 GMT 14 Dec 95*

["NODONG SINMUN on U.S. Line of Confrontation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — NODONG SINMUN today comments on the continued U.S. propaganda about "threat from North Korea."

Under the headline "confrontation for confrontation" the news analyst says:

If the United States is to stick to the line of military confrontation with the DPRK, our hope for confidence-based relations with the United States will be broken. Then, the situation will develop into a confrontation-for-confrontation phase. If the United States continues

acting as it does now, we will have to consider countermeasures. We mean what we say.

The U.S. propaganda about "threat" from the DPRK is a shameless act to reverse black and white. The situation shows that we do not threaten the United States, but the U.S. threatens the DPRK.

The analyst explains why the U.S., still with antagonism to the DPRK, is spreading the false rumour about "threat from North Korea."

The analyst continues:

The slush fund scandal and the growing demand for probe into the May 18 Kwangju massacre in South Korea and the sexual assault on a girl pupil in Okinawa make it more difficult to justify the U.S. military occupation of South Korea and Japan.

By persistently peddling the rumour about "threat from North Korea" the United States intends to find a pretext for justifying the U.S. military presence in South Korea and Japan and stifling the DPRK with military strength and save its military strategy in East Asia from crisis with the DPRK as a scapegoat.

The U.S. intention to stifle the DPRK remains unchanged and is getting more dangerous with the passage of time. The United States is trying to inveigle Japan in the scope of hostilities under the pretext of "threat" from the DPRK.

It is self-evident that these moves of the United States will aggravate the military confrontation between the DPRK and the U.S. and drive the situation around the Korean peninsula to a new grave phase.

The United States must act with discretion.

U.S. 'Threat' Claim Denounced

*SK1412121695 Pyongyang Korean Central
Broadcasting Network in Korean
0854 GMT 14 Dec 95*

[NODONG SINMUN 14 December commentary: "We Will Counter Confrontation With Confrontation"]

[FBIS Translated Text] These days, the United States is loudly raving more than ever about a threat [wihyop] from us, which is nonexistent.

At the U.S.-Japanese ministerial meeting held in New York on 9 December, the United States defined North Korea as the main source of threat at present. The U.S. defense secretary who made a junket to South Korea raved that we are the main country of threat.

At a meeting of the 17th South Korea-U.S. Military Committee, the so-called threat from us was a subject of discussion.

Some high-level figures of the U.S. Administration went so far as to urge Japan to actively cooperate with the anti-DPRK joint cooperation system, stressing that the threat from North Korea should be indicated even in the joint document for the redefinition of the Japan-U.S. Security Treaty.

That we pose a threat at someone is a shameless act that completely reverses black and white.

Facts show that we are not threatening the United States but that the United States is threatening us. The United States is stationing tens of thousands of U.S. troops in South Korea, and is accelerating the modernization of the South Korean puppet Army.

The chairman of the U.S. Joint Chiefs of Staff has recently stated that the United States will augment its rapid deterrent force on the Korean peninsula with one or two aircraft carrier combat groups and aircraft and Marine Forces. The United States handed over enormous quantities of modern war equipment to the South Korean puppet Army over a number of occasions in May and July this year.

The United States, with the South Korean puppets, is conducting war exercise commotions against us daily. Recently, they conducted Foal Eagle-95, a copy of the Team Spirit joint military exercise.

The large-scale offensive armed force groups of the United States and the South Korean puppets are continuously conducting operational exercises aimed at invading our Republic.

Because of the U.S. war commotions, the tension on the Korean peninsula is not disappearing, but the situation of confrontation is becoming more acute [touk chomyehwa toegoitta] with each day.

The maintenance of peace and stability on the Korean peninsula under such circumstances is attributable to our patient peace-loving efforts. Despite this, the United States, continues to spread rumors about the so-called threat from North Korea with antagonism towards the DPRK. What does the United States aim at by this?

The recently uncovered slush fund scandal in South Korea, the heightened call for the clarification of the truth of the 18 May Kwangju massacre, and the sexual assault of a girl pupil in Okinawa are making it more difficult to justify the U.S. military occupation of South Korea and Japan.

The United States cannot conceal its worries about the gradual diminishing of excuses for its continuous

military presence in South Korea and Japan. The Asia Foundation of the United States in charge of Asian-Pacific affairs, said in a report that U.S. prestige and influence in Asia is in a deplorable state of decline.

Thus, in an attempt to justify the U.S. military presence in South Korea and Japan, to find a pretext to crush [apsal] our Republic by military strength, and to save its military strategy in East Asia from crisis with the DPRK as a scapegoat, the United States continues to rave about the rumor of a threat from North Korea.

The U.S. intention to crush the DPRK remains unchanged and is getting more dangerous with each passing day. The United States is even trying to draw Japan into the scope of hostilities under the pretext of the threat from the DPRK.

It is self-evident that these moves of the United States will further aggravate the military confrontation between the DPRK and the United States and drive the situation around the Korean peninsula to a new grave phase.

The United States should act with discretion. If the United States is to stick to the line of military confrontation with the DPRK, our hope for confidence-based relations with the United States will be broken. Then, the situation will develop where confrontation is countered with confrontation. If the United States continues acting as it does now, we will have to consider countermeasures. We mean what we say.

Now is the time when the DPRK-U.S. agreed framework is being implemented. The most important for us is the security of the nation and the sovereignty of the country. The United States must realize this clearly. We are sharply watching U.S. actions.

ROK 'Aerial War Exercise' Reported

*SK1412044495 Pyongyang KCNA in English
0348 GMT 14 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The South Korean puppets let more than 750 fighter planes fly in the sky above the areas of Sangdong, Tanyang and Wonju on December 11 and 12 for an aerial war exercise, getting on our nerves, according to military sources.

On the 12th, 105 mm and 106.7 mm artillery groups of the South Korean puppet army in the central sector of the front fired more than 900 shells at areas adjacent to the Demilitarized Zone along the Military Demarcation Line. Hundreds of soldiers of the puppet army fired about 5,300 bullets with 12.7 mm large-calibre machine guns and automatic rifles in the western and central sectors of the front on December 11.

If the Kim Yong-sam group continue pursuing inter-Korean confrontation, division and war, going against the unanimous desire of the whole nation for peaceful reunification, they will meet their doom.

Kim Yong-sam's Remarks on North's Military Noted

*SK1412102595 Pyongyang KCNA in English
0922 GMT 14 Dec 95*

["Scream of the Fellow Caught in 'Trap of Secret Fund'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — Some time ago, the traitor Kim Yong-sam cried for the "full alert" and "unification under liberal democracy", alleging that "the North has deployed its Armed Forces in the forward areas."

Commenting on this, NODONG SINMUN today says that his utterance is nothing but a scream of the fellow who is in a hopeless dilemma, caught in the "trap of secret fund."

An analyst of the paper says:

This rigmarole reminds people of a thief crying "stop thief!" It is ridiculous of the puppets to try to divert elsewhere the spearhead of resentment of the people directed against them, accomplices of the "secret fund scandal."

It implies that they will find a way out of the catastrophic crisis by fabricating a shocking incident against the DPRK in case the internal situation of South Korea will take the turn for the worst.

By crying for "unification under liberal democracy," the traitor Kim Yong-sam meant to extend the colonial fascist rule of South Korea even to the North. It is a mockery of the desire of the nation for the independent and peaceful reunification of the country and an intolerable challenge and provocation to the North.

There is no assurance that the traitor Kim Yong-sam who is heedlessly running riot will not commit such a worst crime as provoking a war against the North.

We are following this with sharpened vigilance and will not overlook it.

The traitor Kim Yong-sam must stop the fantastic smear propaganda which cannot earn sympathy from anyone, confess his crime of joining in the "secret fund scandal" and present himself before the court of people.

Kim Yong-sam Urged To Admit to 'Crimes'

*SK1412101595 Pyongyang KCNA in English
0918 GMT 14 Dec 95*

["Kim Yong-sam Branded as Accomplice of 'Secret Fund Scandal'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The Central Committees of the Korean Social Democratic Party [KSDP] and the Chondoist Chongu Party made public statements on December 13 in connection with the fact that the people are more loudly expressing their demand that the traitor Kim Yong-sam, an accomplice of the recently-exposed "slush fund scandal" in South Korea, along with its principal No Tae-u, undergo the judgement of history.

The statement of the KSDP Central Committee said that the traitor Kim Yong-sam is a bastard of the "Sixth Republic" who occupied "Chongwadae" with backing of money and cooperation from No Tae-u and the very one who try to hush up the No's slush fund case as soon as it was revealed.

The unprecedented irregularities and corruption of the traitor Kim Yong-sam which have been fully confirmed with the revelation of the "secret fund scandal" of No Tae-u entirely betray the deceptive nature of the "civilian-veiled government" which was allegedly set up by "fair election" and the falsity of "clean-handed politics" advertised by him, the statement said.

It urged that the traitor Kim Yong-sam admit his crimes related to the secret fund he received from No Tae-u including the campaign fund and step down from "power" as early as possible.

The statement of the Chondoist Chongu Party Central Committee said that Chondoists bitterly denounced the heinous crime of the traitor Kim Yong-sam, the kingpin of the irregularities and corruption and a fascist tyranny who has deceived the people with his honeyed words and filled his own pocket by resorting to every conceivable trick, branding it as an immoral, anti-popular and anti-national crime.

Whatever trick he may apply, it added, the traitor Kim Yong-sam can neither conceal the crimes he committed in league with the preceding dictator nor hoodwink the people.

The statement stressed that the Chondoists and people who have the sense of justice and patriotism should not be taken in by the deceptive trick of the puppet clique but firmly unite to make a thorough probe into the background of the "presidential election" fund of 1992 and bring the traitor Kim Yong-sam as well as No Tae-u to trial of history without fail.

Commentary on ROK's 'War Exercise'

*SK1412093395 Pyongyang Korean Central
Broadcasting Network in Korean
1223 GMT 13 Dec 95*

[Commentary by Yun Pyong-son: "Open Threat and Blackmail"]

[FBIS Translated Text] As has already been reported, the South Korean puppets have staged another war exercise around Mt. Kwanak in Seoul since 12 December, mobilizing the so-called units under the puppet army's Capital Garrison Command. They are reportedly going to fire blank shots during the war exercise that will last until 15 December.

Meanwhile, the troops of the puppet army and police were mobilized in Seoul in broad daylight on 12 December for a war exercise under the so-called title of great joint infiltration training.

This war commotion is part of the northward invasion maneuver that the Kim Yong-sam clique is pursuing, as well as an intolerable challenge to us who oppose war and desire peace and peaceful reunification.

The puppets are blaring that their war exercise is aimed at coping with someone's threat of southward invasion, but this is a shameless distortion of reality. There is no threat of southward invasion on the Korean peninsula, and there has never been any such threat. Only the threat of northward invasion exists.

As everyone knows, tens of thousands of U.S. aggression troops armed with updated war equipment, such as nuclear weapons, and nearly 1 million puppet troops, are always in a combat posture in South Korea, and the war exercise for northward invasion is conducted there daily.

Nonetheless, the Kim Yong-sam puppet clique is engaged in war maneuvers these days more frenziedly than ever, raising an unjustifiable outcry over us while talking about someone else's misjudgment, possible provocations, and the like. The rascals have recently issued a belligerent order to adopt a wintertime operational posture from December 1995 until April 1996, thus pushing all the puppet armed forces into assuming a combat posture.

It is needless to say that this war commotion stems from the traitorous Kim Yong-sam clique's criminal ambition to provoke a war of northward invasion and achieve reunification by defeating communism. The war exercise being conducted by the puppets in Seoul is not an exception.

There is no so-called threat of southward invasion on the Korean peninsula, nor is there any reason or

pretext for the South Korean puppets to continue war exercises despite the people's opposition. Under these circumstances, why on earth is the Kim Yong-sam clique staging a war exercise and madly firing blank shots in the center of Seoul? The puppets certainly have a mean scheme behind it.

Whenever a power crisis has emerged in South Korea due to the intensified antigovernment struggle by the people, the puppets have raised a war commotion to shift people's attention to something else. This is a typical trick the puppets have used. It is well known that when the struggle of South Korean youths, students, and people from all walks of life demanding the trial and punishment of the culprits of the 18 May Kwangju massacre was on the verge of erupting like a volcano in mid-September, the puppets conducted a war exercise while moving tanks and firing blank shots to suppress the struggle and overcome the crisis.

The ongoing war exercise is also regarded to have been planned and conducted as an extension of the efforts to overcome the crisis. As was reported, the disclosure of No Tae-u's secret funds, which were concealed for a long time, and the exposition of traitor Kim Yong-sam as an accomplice, have driven the South Korean situation into great confusion. Unable to restrain their indignation at the master thieves, the people have branded traitor Kim Yong-sam as a peerless horse thief, a money-maniac, and a top-class thief and have vigorously launched into a struggle to overthrow the puppet traitor. Furthermore, the puppets are greatly suffering from an abusive dog fight within the ruling circles.

Even foreign media report that Kim Yong-sam's popularity has utterly fallen, and that he cannot find a way out of the crisis. Driven into the deadlock, the Kim Yong-sam ring is trying to overcome the ruinous crisis by suppressing the people's struggle with gunfire. That is why the puppets are conducting a war exercise in densely populated Seoul where the antigovernment struggle is more vigorous than any other place, by moving troops in broad daylight and firing blank shots. In other words, this is open military threat and blackmail.

The Kim Yong-sam ring's war exercise is also aimed at transferring the responsibility of driving North-South relations to all-out confrontation onto us, and is also an attempt at justifying their war maneuver. However, this only shows signs of downfall for those in the terminal stage. Their war commotion cannot break the deadlock and will only hasten their ruin. The Kim Yong-sam ring should make a frank confession on their crimes against the nation and come out for a trial of history, instead of adhering to a wild trick to overcome the ruinous crisis.

Japan's Responsibility for Comfort Women Viewed
SK1412102395 Pyongyang KCNA in English
 0912 GMT 14 Dec 95

["Japan Should Mind Her Own Business" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The adoption of the "resolution calling for the setting up of a new fund for eliminating violence against women" at a committee of the UN General Assembly is worthy of praise and the DPRK appreciates it in an affirmative way, says NODONG SINMUN in a commentary today.

The news analyst says:

Japan, which was said allegedly to have played an active role in drawing up the resolution, is a country heavily responsible for violence against women.

The Japanese authorities have not settled, until now 50 years since World War II, the question of "comfort women for the Japanese army", the question of an unheard-of shameful sexual assaults.

They are not admitting the responsibility of their state for the crimes and their violation of international law, but trying to settle the question with "civil fund", which is of no significance.

Their position is to hush up the crime concerning "comfort women for the army" and avoid the state's responsibility for it at whatever cost.

Japan's hard efforts in handling the question of preventing women from violence at a committee of the UN General Assembly make us think they stemmed from the position.

In actuality, the moves refusing to admit the crime have been surfaced in Japan in the connivance with the Japanese authorities.

With such moves, Japan can never settle the question of her state's sexual crime any time nor can she win the world community's trust. The way for Japan to win trust is to pay primary attention, above anything, to the settlement of the question of "comfort women for the Japanese army", not straining nerves on avoiding responsibility for the crime.

Japan should mind her own business.

DPRK, Russia, PRC Sign Tumen River Pact
SK1412111495 Pyongyang KCNA in English
 0908 GMT 14 Dec 95

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — Three agreements on development of the

River Tumen area were signed at the UN Headquarters on December 6.

Heads of delegations of the member states of the Program Management Committee of the Tumen River Area Development Programme including the DPRK signed "Agreement on the Establishment of the Consultative Commission for the Development of the Tumen River Economic Development Area and Northeast Asia" and "Memorandum of Understanding on Environmental Principles Governing the Tumen River Economic Development Area and Northeast Asia."

And heads of delegations of the DPRK, China and Russia, states bordering on the River Tumen, signed "Agreement on the Establishment of Tumen River Area Development Coordinating Committee."

Earlier, on December 4 and 5, the 6th meeting of the Program Management Committee of the Tumen River Area Development Programme was held in New York under the sponsorship of the UNDP [United Nations Development Program].

It was attended by member states of the Program Management Committee of the Tumen River Area Development Programme and Japan as an observer.

Also present were the World Bank, the Asian Development Bank and other international organisations which are interested in the development of this area.

It discussed a series of matters concerning the development of the River Tumen area behind a closed door.

Gorbachev's Bribe From No Tae-u Reported
SK1412115595 Pyongyang KCNA in English
 0942 GMT 14 Dec 95

[FBIS Transcribed Text] Moscow, December 12 (KCNA) — The 26th issue of the Russian weekly PRAVDA 5 disclosed the fact that the traitor No Tae-u gave a bribe of dlr [U.S. dollars] 100,000 to Gorbachev, who was president of the former Soviet Union.

The paper said that the Russian public condemned Gorbachev to eternal curse and disgrace, at the people's court held in February 1993, but a lawsuit against him over the bribe is unsettled.

It cited testimonies of Valeri Boldin, chief of the former USSR presidential organization, and Vladimir Kryuchkov, chairman of the former USSR State Security Committee (KGB), to inform the readers of circumstances and background of the case.

According to the information, Gorbachev stopped over in Cheju Island, on his way home from his tour of Japan in April 1991, to have secret talks with No Tae-u.

Though they met for the first time, No, seeing that Gorbachev, the "designer of perestroika", liked to receive a bribe, offered him dlr\$ 100,000 as a "gift".

However, Gorbachev had concealed the money until Kryuchkov asked about it some days after his return home. So he could not but tell Boldin about the truth, unwillingly instructing him to think it over how to use the money.

Kryuchkov soon caught the whole negative aspect of the case and strongly advised Gorbachev to send the money back. But Gorbachev didn't pay attention to his advice at all and refused to return the "gift" to the last.

The weekly illustrated the fact that No Tae-u was quite sure that the former president of the Soviet Union would not refuse this humiliating bribery. The public will in no case be indifferent to what No had wished and attained from Gorbachev when this money was offered, it added.

Gorbachev, who received a roll of money from doubtful and disgusting No Tae-u, is a shabby sort of fellow, the paper said, contending that this traitor, who destroyed the country, should be punished as a criminal offender together with the traitor No Tae-u.

Sihanouk Recognizes Only DPRK, Not ROK

SK1412111895 *Pyongyang KCNA in English*
0928 GMT 14 Dec 95

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — Cambodian King Norodom Sihanouk, when he met the DPRK ambassador to Laos on December 9, declared: "It is our stand to recognize only the Democratic People's Republic of Korea and have no relations with South Korea and we will invariably adhere to this stand in the future, too."

He said that as the intimacy forged between the heads of the two countries is close inseparably, the relations between the two peoples are very deep. "I will, in the future, too, do my best to develop the relations between the two countries," he stated.

The king stressed that the great leader President Kim Il-song was a hero of the Korean nation and the great leader of the world people.

He said: "I am sincerely rejoiced over the amazing achievements made by the great leader Marshal Kim Chong-il in the chuche-based socialist construction of Korea today by inheriting the cause of respected President Kim Il-song. I regard them as a success of Cambodia."

Kim Il-song's Party-Building Efforts Lauded

SK1412134895 *Pyongyang Korean Central Broadcasting Network in Korean*
2235 GMT 11 Dec 95

[Dialogue between Yu Song-san, head of a department, doctor, and associate professor at Kim Hyong-chik University of Education, and station reporter An Ui-hyang from the "Rays of Chuche" program: "The Immortal Achievement That Has Built Our Party With Prospects So That Its Cause Can Be Inherited Generation After Generation"]

[FBIS Translated Text] [An Ui-hyang] In his classic work The Workers Party of Korea [WPK], Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, elucidated the immortal achievement in party building of the great leader Comrade Kim Il-song, who has built our party with prospects so that its cause can be firmly inherited generation after generation. I would like to discuss this matter today.

[Yu Song-san] Yes.

[An] I think that building the party with prospects is the inevitable demand of not only the popular masses' cause for independence, but also for the party's development itself.

[Yu] That's right. The great leader [yongdoja] Comrade Kim Chong-il has indicated that the great leader Comrade Kim Il-song has built our party with prospects so that its cause can be firmly inherited generation after generation. The popular masses' cause of independence is precisely the leader's [suryong] cause, the party's cause. It is also the historic cause which is carried out generation after generation. The popular masses' cause of independence is a long-term cause. Therefore, building the party with prospects so that its cause can be firmly inherited generation after generation is [words indistinct].

Only when the working class' party is built with prospects so that it can firmly inherit the leader's [suryong] ideology and leadership can it invariably carry out the revolution and construction as the leading political organization and perform its honorable mission to the end.

[An] The great leader Comrade Kim Il-song has provided the firm foundation on which our party's chuche revolutionary cause can be brilliantly inherited and consummated through his excellent [words indistinct].

[Yu] I agree with you. Looking ahead to the distant future, the great leader [suryong] brilliantly illuminated the road ahead for our party and our revolution and has provided the party's organizational and ideological

foundation and leadership system to inherit and consummate the chuche revolutionary cause.

Today, our party is taking pride as a promising party which is firmly inheriting the leader's cause generation after generation. Thus, having built our party with prospects so that the popular masses' cause of independence can be firmly inherited generation after generation, an immortal achievement has been brought about that only the great leader [suryong] could achieve — the great leader who has a firm sense of mission of assuming responsibility not only for today's destiny of the party, the revolution, the fatherland, and the people, but for their future destiny, as well as [words indistinct].

[An] I think we can see the great leader's [suryong] immortal achievement in building our party with prospects in two aspects. One of them is the fact that he has provided the mighty ideological and theoretical (?guideline) to build our party with prospects.

[Yu] Yes, I think so, too. To build a party with prospects, it is imperative to have a correct ideological and theoretical guideline. Only when various principled problems arising in building a party with prospects are clearly elucidated can we build our party into a promising party which can firmly inherit the leader's [suryong] cause, the party's cause, generation after generation, using these principled problems as an ideological and theoretical weapon.

Defining guaranteeing continuity in party building as one of the basic principles in building our party, the great leader [suryong] has extensively and deeply elucidated the problem of putting unity of the party's ideology and leadership into practice, as well as the theoretical and practical problems of defending the revolutionary tradition of the party and of inheriting and developing it. This is the firm (?principle) which should be firmly grasped in building our party with prospects.

Guaranteeing continuity in party building means maintaining the party's bloodline with its purity intact and consistently adhering to important principles in party building in the entire course of building the party. The basis of this is to inherit the unity of the party's ideology and leadership.

[An] It is the basic principle in building the working class' party.

[Yu] You are right. Along with inheriting the unity of the party's ideology and leadership, defending, inheriting, and developing the party's bloodline and the party's revolutionary tradition are also very important in guaranteeing continuity in party building. The party's cause is constantly developing. This is carried out through the process of inheriting, developing, and enriching the

party's bloodline, the party's revolutionary tradition. Guaranteeing continuity in party building is the [words indistinct] for the working class' party to correctly inherit and consummate the party's cause generation after generation.

[An] Guaranteeing continuity in party building shows that the great leader's [suryong] chuche-oriented party building ideology and theory are indeed correct in the history of our revolution and the history of the international communist movement.

[Yu] That's right. We can see the example of this in former socialist countries. In some countries which carried out socialist construction in the past, they failed to ensure continuity in party building. As a result, the working class' party was [words indistinct] in these countries. Also, in these countries the achievements registered by their leaders were obliterated, the dignity of their leaders was not upheld, and their party's [words indistinct] could not be maintained.

Historic lessons clearly show that if continuity is not guaranteed in party building, the generations of the revolution are cut off, betrayers of the revolution emerge and, consequently, the leader's cause, the party's cause, is spoiled.

This tells us that the great leader's [suryong] chuche-oriented party-building ideology and theory is indeed correct and just.

Today our party is demonstrating its dignified appearance as the revolutionary party which is firmly inheriting the respected and beloved leader Comrade Kim Il-song's ideology and leadership generation after generation, and as the party which is inheriting the chuche bloodline with its purity intact. This is precisely because of the great leader's [suryong] ideology and theory on ensuring continuity in party building.

The achievements of the great leader [suryong] — who, defining it as the basic principle in party building to ensure continuity for the first time in history, has brilliantly illuminated the road to strengthening and developing our party into a promising party which inherits and consummates the party's cause with its purity intact generation after generation — will be immortal together with the history of our party.

[An] I agree with you. Another achievement of the great leader Comrade Kim Il-song, who built our party with prospects, is that he has most outstandingly solved the problem of inheriting the party's leadership in conformity with the aspiration and demands of the times and the people. What do you say?

[Yu] You are right. The basis of building the party with prospects is to correctly solve the problem of inheriting the party's leadership. For this end, it is imperative to put at the forefront a successor [hugyeja] who is infinitely loyal to the leader [suryong] and who possesses talent and ability in brilliantly inheriting and developing the leader's [suryong] cause, and to provide the organizational and ideological foundation and leadership system which can realize his leadership. By so doing, the party cannot degenerate and the party's cause can be (?consummated) to the end. I think that this can be properly proven by the lesson of the international communist movement.

Today, genuine revolutionaries and progressive mankind in the world unanimously say that the party which has brilliantly solved the problem of inheriting its leadership both theoretically and practically is none other than the WPK.

The problem of inheriting the party's leadership has been outstandingly solved in our party in conformity with the aspirations of the times and the people. This is a proud fruition resulting from the great leader's [suryong] farsightedness along with the greatness of the respected and beloved leader Comrade Kim Chong-il.

The great Comrade Kim Chong-il is the leader's [suryong] faithful successor [hugyeja] and the (?faithful) leader [yongdoja] who is not only infinitely loyal to the leader [suryong] who founded the party and pioneered the revolutionary cause, but also possesses the gifted ability of brilliantly inheriting and developing the chuche revolutionary cause.

[An] Indeed, the great leader [yongdoja] Comrade Kim Chong-il's loyalty to the respected and beloved leader [suryong] and his outstanding ability have [words indistinct].

[Yu] That's right. The history of the great general's leadership toward our party and people is [words indistinct], and this long course is a proud chronicle in which the general's loyalty to the great leader [suryong] and his gifted ability have been fully demonstrated. The great general has brilliantly solved the task of regularizing the respected and beloved leader Comrade Kim Il-song's revolutionary ideology. He has also brought about changes which amaze the world in all fields, including the fields of party building, military building, economic construction, and cultural construction, thereby unfolding a great golden age of the era of the Workers Party.

The great general's loyalty to the leader [suryong] and his gifted ability are being more vigorously demonstrated on a lofty plane today since the fatherly leader

passed away. Today, the great leader [yongdoja] Comrade Kim Chong-il [word indistinct] and is leading the revolution and construction to the single road of victory. Our party, which is upholding the great leader [yongdoja] Comrade Kim Chong-il at the head, is the invincible party which possesses the might needed to brilliantly inherit and consummate the chuche revolutionary cause generation after generation.

Because the great leader [yongdoja] Comrade Kim Chong-il is with us, our party, a promising party, exists and is firmly inheriting the leader's [suryong] cause generation after generation; its future is very bright.

[An] That's right. The immortal achievement of the respected and beloved leader Comrade Kim Il-song — who has built our party with prospects so that the chuche-oriented party building cause and the revolutionary cause can be brilliantly inherited and consummated generation after generation — will be immortal.

Let us stop here for today. Thank you.

Situation Since Kim Il-song's Death Reviewed

962B0004A Tokyo THIS IS YOMIURI in Japanese
Nov 95 pp 122-131

[Article by Motoi Tamaki, President, Contemporary Korea Research Institute]

[FBIS Translated Text] On this past 8 July, memorial services to commemorate the first anniversary of the death of Kim Il-song were held in Pyongyang. The main features of the memorial services included the Central Mass Memorial Services held on the 7th and the dedication ceremonies for the Keum Kangsan Memorial Palace held on the 8th. Attention was focused on these two events, because they were attended by Kim Chong-il who rarely makes a public appearance except for military-related events. Worthy of special mention is the Keum Kangsan Memorial Palace dedication ceremonies, which, as stated in the joint party-highest government agency decision titled, "Eternal Deification of Our Comrade, the Great Leader Kim Il-song," were held in a very grand fashion to "enshrine" Kim Il-song's body "as if he were still living" and to dedicate the palace as the home for the "Chuch'e Sesang (ideology of self-reliance) Institute" making it the "Most Sacred Location for Chuch'e."

This writer unexpectedly had the opportunity to see a video covering North Korea's (Democratic People's Republic of Korea) announcement of the dedication ceremonies. A peculiar feature of the coverage was that Kim Chong-il, who sat on the highest dais, constantly wore an expression of displeasure and boredom as he viewed the attendees (including selected party members,

government officials, representatives of community organizations, military officers and enlisted personnel, and members of the diplomatic corps) crowded in the courtyard below, while at times he looked idiotically to the right and left of himself as if he were genuinely overcome by tedium. During breaks in the lengthy reading of the "Dedication Speech" on the part of Choi Kwang (chief of general staff) and in response to the applause arising from the crowd, he would perfunctorily clap his hands two to three times. He displayed nothing but an imprudent and arrogant picture.

Moreover, as if to be influenced by Kim's comportment some individuals in the masses (however, the area was strictly guarded and closed to the general public) became bored, while the elderly leaned against guard rails as if they were satiated with the ceremony and some members of the military units began to fidget, shuffle their feet, and display an absence of composure by glancing to the right and the left. They did not present a picture of solemnity befitting of a memorial hall which enshrined eternally the body of the President. The situation presented a strange picture. You might describe the situation as reflecting a kind of atony phenomenon or lack of discipline. Among the personality traits spoken of concerning Kim Chong-il is his strong distrust of people and rare display of a smile, and his comportment at the ceremony was a genuine manifestation of those traits and demonstration of his inability to control or win admiration from his subordinates.

Disregard of Important Issues, while Focusing on Construction of Palace

Another item worthy of mention is that in his "Dedication Speech," Choi Kwang drew attention to the fact that "Comrade Kim Chong-il personally conceptualized and proposed the palace construction project, clearly defined the direction and methods for the project, visited the project site on numerous occasions, and energetically provided detailed leadership. There were no aspects in which the comrade did not provide explicit interest and leadership including the overall design and details, the marble statue of the leader, the background features, trappings for the walls and floors, color of the foundation stone for the statue, and red illumination for the ceilings." Judging from this passage, Kim Chong-il disregarded urgent issues such as the rebuilding of the economy and improvements in the living conditions of the people, while exerting immense energy and spending government funds to build the palace.

Early observations existed that none other than Kim Chong-il could follow in the footsteps of the deceased Kim Il-song in the positions he vacated as President, chairman of the Korean Workers' Party, and Party

Military Commission chairman, having been designated as successor by his father for over 20 years and engaging himself in party and military affairs. Impulsive experts and the mass media repeatedly predicted that he would assume leadership on Emancipation Day on 15 August of last year, Independence Day on 9 September, at the end of the 100 days of mourning on 16 October, during the general meeting of the Party Central Committee and Supreme People's Assembly meeting which was supposedly to be held in December, in connection with the "New Year's Address" to be presented on 1 January of this year, during the Supreme People's Assembly meeting regularly held in April, on the first anniversary of Kim Il-song's death on 8 July, and the 50th anniversary of emancipation on 15 August, but each such prediction was betrayed. Currently, much credence is being placed on the theory that he will assume the position of party general secretary on the 50th anniversary of the party's founding on 10 October.

Such predictions are concurrently tied to the assessment that the Kim Chong-il regime has in reality been established and that the North Korean political situation has stabilized. As a minimum, intelligence relayed to external sources indicates nothing in the way of signs of instability.

That is probably an outrageous misjudgment. We must not forget that North Korea, from the days when Kim Il-song was still living, was a nation overcome by conceit, deceiving both the world and its people through an array of lies spread both externally and internally. All forms of journalism and propaganda are controlled, and issued in the form of countless fabrications such as, "A socialist utopia with nothing to envy in the rest of the world," "*Chuch'e sesang* and Korean-style socialism centered around the human being," "Leader, party, and people who share a united destiny in both life and death," victory in the war to emancipate our motherland (Korean War), and "Divine general of steel with a record of engaging in 100 battles followed by 100 victories (formerly referred to Kim Il-song, but now to Kim Chong-il)."

Beneath the surface the real facts, which have been concealed, included poverty suffered by the people because of economic failures, innumerable purges and incarcerations of opposition, critical, and malcontent elements (including families), public executions for purposes of intimidation, and extreme inequities based on classification of people in accordance with genealogy.

Such facts formerly were leaked on a limited scale, but have surfaced in detail repeatedly through the sharply increasing number of exiles from North to South Korea in recent years in the 1990's. This situation in itself

attests to the instability of the North Korean power structure, but those who assert North Korean stability refuse to recognize these facts.

Actions which have exacerbated the situation include the sending of a personal letter by U.S. President Clinton to Kim Chong-il which refers to him as the "Supreme Leader," and The dispatch by Japan of representatives of the three ruling coalition parties to promote a resumption of diplomatic negotiations. Such actions are probably motivated by reasonable political goals, but they give the appearance of having fallen victim to North Korean intelligence strategy.

Delay in Assumption of Office Attests to a Calamity or Anomaly

The delay in assumption of office by Kim Chong-il in itself attests to a calamity or anomaly as a nation. First, positions which are key to the current constitution (promulgated in 1972 and revised in 1992) such as President, Supreme People's Assembly chairman, and Military Commission chairman remain vacant, while a successor has not been named for Korean People's Army Party Committee Chairman Oh Jin-woo (standing member of Political Bureau, member of Military Commission, and member of National Defense Commission) who died on 25 February of this year. Appointments to party and government agencies have been virtually frozen, with the exception of a few replacement appointments to the Military Commission (with no clarification as to who made the decisions) and limited changes in seating order of officials at various events and for funerals for Kim Il-song and Oh Jin-woo.

An additional critical factor is that meetings of the Party Central Committee and Supreme People's Assembly essential to deliberating on such appointments have never been held since the death of Kim Il-song.

Elections and Meetings of the Supreme Peoples Assembly Not Held

Of special note is that terms of delegates to the Supreme People's Assembly were to expire this spring, calling for a new election. However, there are no signs of such an election. For the time being, in the event of unavoidable circumstances, the constitution provides for possible extensions of terms and in the least considered as an essential condition for management of a nation professing a planned economy is a scheduled term extension meeting in April and approval of a budget to support a national fiscal program, but no such meeting took place. This would mean that the economy is being managed without a budget. Moreover, this year marks the second year of the three-year adjustment period established following recognition of the fact that the

"Third Seven-Year Plan" up to 1993 had failed. It is about time that the adjustments are put on track and that work is undertaken to determine the direction and figures applicable to the next plan, but in the absence of even a budget, such a process is highly unlikely.

The question becomes, can such a situation be reflective of a normal nation? It appears that reality is closer to a situation in which central authority and supreme decision-making systems have been lost and the nation faces paralysis and a rudderless situation.

Delays in assumption of office by Kim Chong-il have been explained in a number of ways.

(1) He is emphasizing ethnic tradition and customs, remains in mourning consistent with a faithful son, and is delaying ceremonies marking assumption of office. In this case, we are speaking of passage of 100 days of mourning as well as passage of the one-year anniversary, thus meaning that we are awaiting the second anniversary (or two years from date of death).

However, the foregoing explanation lacks persuasiveness. First, funeral formats and eternal preservation of the remains (mummification) had nothing to do with ethnic tradition and the question arises, why must they insist on adhering to mourning periods. If they are to speak of "a display of filial piety," it would seem that allowing the nation to face paralysis and a rudderless situation, lacking the capability to act as a normal nation, would represent a display of extreme filial infidelity.

(2) Since he has already in fact assumed leadership of the party, government, and military and is respected as "leader of the party and revolution" and "great leader," there is no need to rush into formal appointments.

This explanation also lacks logic. If what is claimed here were true, why does he fail to perform important functions such as clarifying the new regime's policies, chairing meetings, approving budgets, and receiving foreign guests in the national leader class? These factors lead to questions. He doesn't even make speeches at official functions.

Avoidance of responsibility? Lack of confidence in health?

(3) The theory exists that he does not wish to be appointed and that appointments are matters to be decided upon by himself. Two reasons are cited for his not wanting to be appointed. One reason is that sufficient enthusiasm does not exist for his appointment. This reason can be explained by the fact that party and government organ newspapers and speakers at various events write or speak highly of Kim Chong-il as if to

be engaged in a campaign to generate enthusiasm for his appointment.

The second reason pertains to the view that diplomatic and internal government affairs (especially the economy) face such severe difficulties that he fears making a decision and assuming attendant responsibility. In reality, the economic situation and system face paralysis and is at the brink of affecting the very survival of the nation, making it understandable why he would not want to undertake the responsibility. However, postponing actions for such reasons run the risk of merely worsening the situation. In reality, the recent floods of August demonstrated this fact.

(4) Theory concerning lack of confidence in health. This theory reappears each time an appointment prediction is betrayed. In the past, a variety of observations were made such as affliction by heart disease, liver disease, kidney disease, brain disorders, and diabetes. Of special note are descriptions of his lifestyle in testimonials and literary works which speak of a preference for working late into the night, heavy work schedules, excessive drinking, sexual indulgence, and irregular habits, which could easily lead to diseases mentioned. Assumptions made on the basis of such descriptions would lead to the potential that he is plagued by problems throughout his body.

Among recent information is the story wherein a Japanese attending the International Athletic-Cultural Event (wrestling matches) asked, "How is Kim Chong-il doing?" and was told, "He has a problem in that he cannot eat." And, according to Chinese sources, Kim Chong-il fell from a horse and suffered head injuries in February 1994, when several physicians were dispatched from China to provide treatment and rendered a definite diagnosis that he had suffered brain damage. Of particular interest is that epilepsy has been suffered by his blood relatives (symptoms have been suffered by one of his uncles and by a younger brother) and he avoids public appearances fearing epilepsy attacks. Accordingly, China takes the view that Kim Chong-il may become party general secretary, but that there is little potential that he will become president.

Of the foregoing theories, (3) and (4) seem to be the most realistic, but it appears the backdrop is filled with more fundamental issues.

Pastor Who Cannot Replace God?

One of the problems is of a structural nature wherein the unconditional, absolute, and colossal nature of Kim Il-song's powers was created through the personal and central role played by Kim Chong-il over numerous years at deification (An example is the "Ten Major

Principles Concerning the Party's Monolithic Ideology" of February 1972). The 1980's were followed by the establishment of a father-son team wherein the father supervised the overall situation and the son controlled the routine business of government, but this also became a situation in which the pastor served god. It is hardly possible for the pastor (Kim Chong-il) who lost his god (Kim Il-song) to substitute for god. After the death of President Kim, a slogan was authored by Kim Chong-il which is still cast like a veil over the entire nation which reads, "The great leader will be with us forever," and this slogan in itself suggests that Kim Chong-il cannot become a sole leader.

The delay in the appointment of Kim Chong-il to the supreme position is a literal manifestation of progression in internal systemic conflicts, while further delays will merely worsen those conflicts.

As a specific example, during the days of the previously mentioned father-son team system days, Kim Chong-il, who controlled routine government affairs, dedicated himself to the promotion of extremist, hard-liner policies, because of his personal ideological characteristics. He mobilized construction resources under the "High-Speed Strategy" to build massive facilities (Soe-he Lock Gate, Kum Duck Mine Dai Sun Yard, etc.) and huge memorials (Chuch'e Sesang Memorial, Victory Memorial, construction of major metropolises, etc.), took the initiative to oppress and control based on the Ten Major Ideological Principles, advocated hard-line policies towards foreign nations and South Korea, provoked a variety of terrorist incidents, and created a series of international tensions (hard-line policies). Each time the son's venturesome behavior met with failure, the father would appear, clean up the aftermath, and begin to ameliorate conflicts (soft-liner policies). In such instances, the father would function as the savior, make minor adjustments in policies, compensate for the son's foibles, and resurrect the son's public image at an opportune time.

Already, since the 1970's such dual-role performances have been replayed repeatedly.

Initially, since 1973, Kim Chong-il mobilized the Three Revolution Team Movement, led the nation to economic failure and made it impossible to develop the next plan when he forced the premature completion (1975) of the "Six-Year Plan" using the shibboleths "speed battle, shock battle, and annihilation battle." Additionally, in August 1976, he provoked a highly volatile crisis in the way of the beating death of a U.S. Army officer for pruning the lower branches off of a poplar tree at Panmunjom. That situation was salvaged by Kim Il-song by his expression of regret to the United States, establish-

ment of boundary lines at the Panmunjom Demilitarized Zone, and summoning veteran party official Yi Chong-ok and others to the Politburo to initiate the "Second Seven-Year Plan."

Helping Hand of Kim Il-song

The second characteristic is reflected in the resolution of the 1983-1984 crisis. Kim Chong-il, who had promoted the orderly spread of the Chuch'e ideology through the repetitive publication of lengthy articles and who had made an unofficial trip to China in June 1983, executed a terrorist bomb incident in Rangoon in October of 1983, causing injuries and fatalities to be suffered by numerous high-ranking South Korean officials. At that time, Kim Il-song proposed from the beginning of 1984 a "three-nation conference" arranged by China and embarked on improvements in economic policy by appointing technocrat Kang Song-san as chief of the Politburo.

From May to July 1984, Kim Chong-il visited the Soviet Union and East European nations. After returning home, he launched legislation on a corporate law system, and promoted improvements in North-South Korean relations by shipping relief supplies to be used in South Korean floods, and holding North-South Economic Talks and Red Cross conferences. At one time, even open-door-reform movements began to emerge, but from 1986, Kim Chong-il launched a "Capital Construction Project" (\$4.7 billion) to be used to house the 1998 Pyongyang World Youth Student Festivals to compete with the Seoul Olympics of 1988.

At the end of 1987, Kim Chong-il directed the terrorist bombing of a Korean Airline passenger plane to impede the Seoul Olympics. At the same time, the chief of the Politburo was frequently changed (from Kang Song-san to Yi Keun-mo in 1986 and from Yi Keun-mo to Yun Hyang Muk in 1988), reflecting difficulties encountered by the Politburo in developing the economy. The World Youth Student Festival of 1989 was a major event under the leadership of Kim Chong-il, but it functioned as a turning point for North Korea as its international position quickly deteriorated in the face of the collapse of the socialist camp, establishment of diplomatic relations by the former East European socialist states with South Korea, and then sudden diplomatic overtures by the Soviet Union and China directed at South Korea.

Even in the face of that situation, Kim Il-song extended a helping hand by initiating diplomatic negotiations with Japan and North-South Prime Minister Talks in 1990, and holding Nuclear Security Action Agreement negotiations with the International Atomic Energy Agency.

Further in December 1992, he reappointed Kang Song-san as chief of the Politburo after relieving Yun Hyang-muk.

The third characteristic is reflected in the movements to overcome existing difficulties in 1993 and 1994. Those movements included the promotion of "Military-Civilian Unity" and "Party Revolution and Militarization" by Kim Chong-il who had become the People's Army Supreme Commander at the end of 1991 and the issuance of Supreme Commander-directed "Declaration of Quasi-War Status" and "Declaration to Withdraw from the Nuclear Proliferation Prevention Treaty," thus quickly intensifying tensions with foreign nations and South Korea, causing complete international isolation, and inviting economic failure. Even in that case, Kim Il-song came to the rescue. However, in this case, Kim Chong-il was extensively excluded from the official arena and those who had been avoided and excluded were reinstated and reappointed as was the case with the wife of Kim Il-song Kim Sung-ae, younger brother and former deputy chief of the Politburo Kim Yong-ju and former deputy chairman of the Korean League Kim Byung-shi. Speculation exists that during that period, orders were issued suspending Kim Chong-il's party qualifications (standing member and secretary of the Politburo).

Further, before and after the general meeting of the Party Central Committee and meeting of the Supreme People's Assembly in December 1993, actions were taken to relieve and demote individuals considered to be confidants of Kim Chong-il such as Secretary in Charge of International Affairs Kim Yung-soon and deputy chief of Politburo and National Planning Committee Chairman Kim Dal-hyun and replacing them with Kim Yung-ju and Kim Byung-shik as vice presidents, Hwang Jang-hwa as Secretary in Charge of International Affairs, and Yang Hyang-sup (Supreme People's Assembly standing council chairman) as candidate member of the Party Politburo.

At the same time, failure of the "Third Seven-Year Plan" (1987-1993) was recognized, the three years until the implementation of the next plan were treated as an "adjustment period," and a plan to rebuild the economy with emphasis on the people's living conditions was approved under the leadership of Kim Il-song, embracing basic issues such as "agriculture, light industry, and priority for foreign trade."

Shift From Short-Term Minor Adjustments to Major Policy Change

Methods employed by Kim Il-song at that time were not limited to short-term minor adjustments to rescue

his son from predicaments, but consisted of a major policy change wherein he assumed the full-fledged role of direct ruler. His last year was an exceedingly busy one for an individual over 80 years of age and included chairmanship of meetings, on-site supervision in various parts of the country, meetings and dinners with distinguished foreign state guests, and attendance at national events. Moreover, his entourage consisted almost exclusively of veteran officers and Politburo officials, absent the presence of Kim Chong-il. The fact that Kim Il-song personally met with delegates from the progressive political parties of minor nations and private guests was considered as a sign that Kim Chong-il had relinquished his role as party secretary, giving credence to the previous theory that he had been suspended from party secretary duties.

Finally, in June 1994, Kim Il-song made some dramatic epochal proposals to former U.S. President Carter, who he had invited to North Korea, such as promising resumption of compliance with the Nuclear Proliferation Prevention Treaty and closure and destruction of graphite nuclear reactors in exchange for the U.S. offer of a light-water reactor, initiation of North-South Summit Talks, and the reopening of Japan-Korea negotiations. Such commitments have been followed by concrete moves towards implementation of the proposals. Even on 6 July, just before his death, he engaged in activities such as the successful closing of the North-South Summit, concentration of economic authority in the Politburo, and issuance of important instructions concerning the adoption of bold open-door policies. If the then momentum were to continue, Kim Chong-il's authority to succeed his father may have been jeopardized. In reality, in his last year, Kim Il-song had recalled Kim Chong-il's younger step-brother and ambassador to Finland Kim Pyong-il to Pyongyang to serve at his side. However, on 7 July following issuance of important instructions, Kim Il-song suffered a heart attack at his villa in Mount Myo Hang and passed away before daybreak on the 8th without the benefit of being treated by heart specialists. His death signaled the end to direct rule.

Personal Statements and Speeches Remain Unpublished

Kim Chong-il appears at funerals, the One-Hundred Day Holiday events and in films depicting supervision at construction sites, and makes visits to military units, but he consistently carries only the titles of "National Defense Commission chairman and Military Supreme Commander." It appears that his titles of Party Politburo Standing Committee Chairman and Party Secretary are still suspended.

A review of his public appearances since the beginning of this year shows that other than his chairmanship at the 28 April session of the National Science Institute and the 7-8 July Kim Il-song First Anniversary Memorial Services held jointly with the ceremony marking the dedication of the Keun Kangsan Memorial Palace, such appearances have been limited to military-related events such as visits with military units and meetings with participants of military conferences, while revealing a complete absence at important national events (Kim Chong-il Birthday in February, Kim Il-song Birthday in April, Sports and Cultural Festival in April, People's Army Birthday in April, and events commemorating the 50th anniversary of Ethnic Emancipation and Unification in August). Needless to say, he makes no personal public statements or speeches.

Moreover, he fails to issue specific new policies, but publishes lengthy ideological articles. They included one article published on 4 November of last year in which he stated, "Socialism is a science," and published on 19 June of this year in which he stated, "Giving priority to ideological projects is a prerequisite for the attainment of great socialist accomplishments." The main purpose of these articles is to resolutely reject as betraying socialism and causing the destruction of socialism reform-open-door policies and democratization policies including support and cooperation from capitalist countries; extol Korean-style socialism as being the only way to guarantee ideal human lifestyles, and to demand absolute loyalty to the party and its leader. The articles disregard the realities of economic difficulties and the absence of a leader and represent a mere recitation of empty ideological diatribe. It is a case where he merely turns his back to the efforts to change the policies of the nation on the part of Kim Il-song in his late years and gives priority to and divulges his desperate efforts to preserve his personal authority.

Such an approach fails completely in any effort to create enthusiasm for his appointment as successor to Kim Il-song. The people who suffer from difficult living conditions as well as those officials who are knowledgeable of the activities and instructions of Kim Il-song in his late years probably cannot stir up any enthusiasm to support appointment of Kim Chong-il to the position of national leadership.

The situation in which the national structure faces paralysis and rudderless circumstances has led to an absence of national consensus and isolated actions in various sectors based on fragmented decisions. Of particular note since the beginning of this year are the movements of the Kim Yo-jun group conducting themselves as if they represent the will of Kim Chong-il.

He used the title of chairman of the Asian-Pacific Peace Committee, which he had sponsored privately, to arrange for the signing of the "Four-Party Agreement" based on the March invitation of the Japanese Three Ruling coalition Party Delegation, oversaw the April Sports and Cultural Festival, and assumed the chairmanship of the preparation committee for the 15 August Ethnic Unification Festival. Next, he used Yi Sung-rok (chairman) of the International Trade Promotion Committee who was visiting Japan in May to suddenly present a "request for rice to alleviate shortages in food supplies," in June used Deputy Chairman Chun Keun-cheoul of the Asia-Pacific Peace Committee to arrange for aid in the form of rice from South Korea, and sent Deputy Chairman Yi Jong-hyuk of the Asia-Pacific Peace Committee to Japan to make final arrangements for rice aid from Japan.

Moreover, immediately thereafter on 10 July, Kim Yung-soon, who had agreed to an interview with a U.S. pastor stationed in South Korea, stated, "Since Japan repeatedly stated that it was sending rice to North Korea as a gesture of apology," we will consider the rice to be "a tribute from Japan;" he also stated, "Rice can be used as cattle feed and for light industrial purposes." Such "diplomacy to win advantages" based on duplicity is apparent in several areas such as the U.S.-North Korean Agreement on the light-water reactor negotiations and the plot to attract South Korean businesses into North Korea.

Significance Behind Unusual Request for Aid

It was then that highly concentrated rain storms and flooding hit the entire northern region of North Korea from 26 July to 18 August. North Korea's ambassador to the United Nations immediately sought emergency relief from the UN Human Issues Bureau, other UN agencies, and the International Red Cross. Such relief requests are an exception for North Korea which advocates self-recovery.

Statistics released by North Korea in seeking international relief included 5.2 million victims, damage to grain crops to the extent of 1.9 million tons, extensive damage to homes, medical facilities, and schools, bringing initial estimates of total damages to \$15 billion. Initially, in connection with fatalities, it was claimed that quick reaction by Kim Chong-il's military units enabled the avoidance of fatalities, but in September statistics were released including 68 deaths. Some quarters charge that such figures were exaggerated, but the probability remains that more extensive damage has been suffered in areas not covered by reports on the floods. Of particular note is that serious damage must have been inflicted

on underground military facilities and weapons factories built under the direction of Kim Chong-il.

Such conditions have the potential of undermining the power structure from its very foundation. Moreover, Kim Chong-il has not allowed the party and government to build a collective relief plan. That being the case, there is the potential that priority will be given to channeling international relief materiel into rebuilding the military structure. If that should happen, unrest will intensify among the people having lost all things essential to sustaining life.

Kim Chong-il Sends Thanks to Workers

*SK1412051795 Pyongyang KCNA in English
0343 GMT 14 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the Chongjin steel works of the Kim Chaek Iron and Steel Complex and the May 17 plant of the Songjin Steel Complex for their fulfillment of iron and steel production assignments every month and to the officials and working people of the Ministry of the Metal Industry, the Political Department of the Ministry of Marine Transport, the associated Bureau of Marine Transport, the Pyongyang Railway Administration and other units for their active assistance to the above-said industrial establishments.

The Chongjin steel works produced 220,000 more tons of steel than in the same period of last year. This year the May 17 plant increased the production of steel 30 percent above last year.

Comrade Kim Chong-il also thanked the employees of the Pyongyang store, the teachers of the Pyongyang Chonsung Senior Middle School and officials and working people of other units for their exemplary assistance to the People's Army.

Kim Chong-il's Letter to UAWP Reviewed

*SK1412051995 Pyongyang KCNA in English
0352 GMT 14 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — A meeting to mark the 10th anniversary of the publication of "On Stepping Up the Work of the Union of Agricultural Working People [UAWP]", a famous work of the great leader Comrade Kim Chong-il, was held here on Wednesday.

Comrade Kim Chong-il on December 14, 1985 sent a historic letter "On Stepping Up the Work of the Union of Agricultural Working People" to the participants in the national training course for the UAWP officials.

The work expounded, in an all-round and perfect way, the character and mission of the union, its tasks and the ways to fulfil them.

Addressing the meeting, Choe Song-suk, chairwoman of the Central Committee of the UAWPK [Union of Agricultural Working People of Korea], recalled that the UAWP organizations, over the past ten years, have energetically waged the struggle to carry out the highly important tasks advanced in the work, thereby positively contributing to rallying the agricultural working people more closely around the party, further cementing the singlehearted unity of the whole society and stepping up the socialist rural construction.

The reporter said the UAWPK organizations and its officials are faced with honourable tasks to contribute to hastening the final solution of the rural question by continuing to thoroughly carry out the tasks advanced in the work and fulfilling their missions and duties.

She underlined that they should effect a new turn in the UAWPK that they could rally the agricultural working people more closely around the party and make a bigger stride forward in the socialist rural construction, thereby living up to the trust and expectation of the party with loyalty.

ROK Students Read Biography of Kim Chong-il

SK1412111295 Pyongyang KCNA in English
0925 GMT 14 Dec 95

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — "Introduction of a New Book" on the biography of a great man is circulated and avidly read by students at university libraries and bookstores in Seoul, the Seoul-based Radio Voice of National Salvation [VNS] reported.

The "introduction of a new book" says: "General Kim Chong-il, the sun of guidance," the biography of a peerless great man, is a reader on the great idea, theory and traits of the respected leader Kim Chong-il. The 21st century, which will begin with the political ideal of the leader Kim Chong-il, should be called Kim Chong-il era.

With the "introduction" being circulated in university quarters, many students read the biography of the peerless great man.

Kim Chong-il Sends Birthday Table to Professor

SK1412111395 Pyongyang KCNA in English
0923 GMT 14 Dec 95

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The great leader Comrade Kim Chong-il

sent an 80th birthday table to Prof. and Dr. Mun Song-su, a teacher of the University of Chemical Industry.

The birthday table was handed to him on December 12.

He has been engaged in education of the younger generations at the university since 1951 in the period of the Fatherland Liberation War.

He has written and published more than 40 textbooks including "Electro-Chemical Engineering" and "Battery Engineering" and tens of treatises and succeeded in five valuable research themes.

Greetings Sent to Socialist Party of Uruguay

SK1412112395 Pyongyang KCNA in English
0943 GMT 14 Dec 95

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — The Central Committee of the Workers' Party of Korea today sent a message of greetings to the 42d congress of the Socialist Party of Uruguay.

The message expressed the belief that the friendly relations between the two parties would grow stronger in the future and hoped for a great success in the work of the congress.

Kim Chong-il Work Publication Reviewed

SK1412111995 Pyongyang KCNA in English
0932 GMT 14 Dec 95

["Highly Important Work on UAWPK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 14 (KCNA) — NODONG SINMUN today carries an article contributed by Choe Song-suk, chairwoman of the Central Committee of the Union of Agricultural Working People of Korea, on the occasion of the 10th anniversary of the publication of the great leader Comrade Kim Chong-il's famous work "On Stepping Up the Work of the Union of Agricultural Working People" [UAWPK] (on December 14, 1985).

The article says that in the work Comrade Kim Chong-il indicated the road to effect a decisive turn in the work of the Union of Agricultural Working People in conformity with the demand of the developing realities where the modelling of the whole of society on the chuche idea was being vigorously accelerated and with the historic condition in which the struggle to implement the theses on the rural question was being waged at a higher stage.

Respected Comrade Kim Chong-il made clear again the mission and duty of the UAWPK as an organization of ideological education of the agricultural working people, a transmission belt of the party and comprehensively put

forward the target and tasks of struggle to be waged by it at a new stage of the developing revolution and ways for successfully carrying them out, the article stresses, and continues:

The past 10 years were a glorious period when the greatness and validity of his idea and policy on the building and activities of the UAWPK have been powerfully demonstrated and a proud decade when great changes have taken place in the work of the union for strengthening the internal force of our revolution and implementing the party's plan of rural construction and agricultural policy.

The Agricultural Working People of Korea have been firmly armed with the revolutionary idea of our party, the *chuche* idea, and closely rallied behind the party. They now remain loyal to the party's leadership, displaying the high degree of revolutionary enthusiasm and creative activity in the socialist rural construction as indicated by the rural theses.

South Korea

U.S. Not To Shoulder Reactor Expenses

SK1412041895 Seoul CHOSON ILBO in Korean
14 Dec 95 p 1

[Report by Ku Song-chae and Kim Yon-kwang]

[FBIS Translated Text] On 13 December, a government official stated that the United States clearly expressed its will not to shoulder any expenses required for the construction of light-water reactors for North Korea, which are estimated to reach approximately \$4.5 billion. The United States, which led the efforts for the removal of North Korea's nuclear program, has now slipped out of shouldering the expenses for the light-water reactors, and, as a result, friction is expected to emerge between the ROK, the United States, and Japan in the course of securing financial sources, and an increase in the ROK's burden is apparent.

This official stated that Thomas Hubbard, U.S. deputy assistant secretary of state for East Asian and the Pacific Affairs, and Gary Samore, from the U.S. National Security Council who represented the U.S. side in leading the negotiations for the provision of light-water reactors held in New York, clearly said that "the United States cannot possibly shoulder the expenses for light-water reactors due to the government's strict budgetary restraints imposed by Congress." He added that "this is assessed as the official position of the U.S. Government."

Meanwhile, the Korean Peninsula Energy Development Organization [KEDO] and North Korea, which held negotiations for the support of light-water reactors in

New York, virtually reached an agreement for the provision of the reactors. They are expected to sign the provision agreement in New York as early as 16 December.

The government on 13 December held the 21st unification-related ministers' conference chaired by Na Ung-pae, deputy prime minister and unification minister.

The draft agreement includes the existing principle on the provision of the ROK-standard model of nuclear reactors and the implementation of the ROK's central role. However, the draft agreement is limited to the supply of roads for the construction of reactors, facilities related to industrial waters, accommodations for workers engaged in the construction and pier facilities for barges, an underwater stream dam, and simulated training facilities. The condition for payment was confirmed to be a 17-year installment payment without interest with a seven-year grace period. The draft agreement officially recognizes the existence of a program coordinator, whose position was demanded by the North Korean side in a bid to restrict the ROK's central role. However, the draft failed to specify the functions of the program coordinator. As a result, some obstacles are likely to be encountered in the future.

KEDO's team for surveying for the third time the light-water reactor construction site, will depart for Beijing on 14 December to carry out the survey work in the Sinpo area, South Hamgyong Province, beginning 16 December.

Dailies React to Settlement in LWR Talks

SK1412142495

[FBIS Editorial Report] The following is a compilation of editorials and articles carried by 14 December Seoul vernacular dailies in response to the settlement of the light-water reactor [LWR] negotiations between the Korean Peninsula Energy Development Organization [KEDO] and North Korea in New York on 13 December.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial titled the "Light-Water Reactors and Our Share." Referring to the conclusion of the light-water supply contract between KEDO and North Korea as the beginning of negotiations between the two sides, the editorial says, "This agreement has been reached between KEDO and North Korea. Within its framework, therefore, in the future the ROK and United States are likely to be in conflict over the issue of who plays what business roles in the project."

Noting the KEDO's efforts to turn down North Korea's unreasonable demands calling for the construction of facilities that are not directly related to construction of the light-water reactor power plant, the editorial says, "It is unprecedented for North Korea to be allowed to pay back, without interest, the cost of the reactor project over 17 years after a three-year grace period."

Referring to the importance of the ROK role in providing light-water reactors to North Korea, the editorial calls on relevant officials to be prudent so the ROK can play a leading role in building it.

The moderate CHUNGANG ILBO carries on page 4 an 800-word editorial titled "There Are Many Things We Should Take Care of Before the Reactors Are Built." The editorial expresses satisfaction with conclusion of the light-water reactor supply accord that accepted the ROK proposal demanding that the ROK play a key role in building the light-water reactors, pointing out the significance of its settlement. Referring to several issues that should be resolved after the accord is reached, the editorial calls on the government to maintain a strong and consistent position in dealing with North Korea, as it did during the light-water reactor supply negotiations.

The moderate TONG-A ILBO carries on page 3 an 800-word editorial titled "Even If We Have Solved the First Problem in the Light-Water Reactor Supply Negotiations..." Referring to participation by the ROK delegation in the light-water reactor supply negotiations and to the agreement that confirms the light-water reactor model as ROK-type reactors, the editorial says, "This can be regarded as a success, making it clear to North Korea that concerning the Korean Peninsula, nothing can be resolved if there is no dialogue with South Korea."

Referring to the importance of North-South dialogue to successively build the light-water reactors, the editorial calls on North Korea to respond to the North-South Korean authorities' talks, as well as to firmly confirm their promise that they will guarantee the safety of South Korean technicians, who will go to Sinpo to build the light-water reactors. Also, the editorial urges North Korea to accept special inspection by the International Atomic Energy Agency.

The moderate TONG-A ILBO carries on page 3 a 700-word article titled the "Improvement of North-South Relations After the Settlement of Reactor Negotiations." Referring to the possible improvement of North-South relations as a result of the settlement of the light-water reactor issues, the editorial says, "It is expected, however, that the light-water reactor settlement will not immediately influence North-South relations for the better." Expecting reactivation of economic cooperation

between the North and South in the future, the editorial says that successful conclusion of the light-water reactor negotiations will help improve North-South relations in the long run.

The moderate HANGUK ILBO carries on page 3 an 800-word editorial titled "Settlement of the Light-Water Reactor Negotiations." Referring to the significance of the settlement in the light-water reactor negotiations and the role it will play in easing tension on the Korean Peninsula, the editorial stresses that it is important to seek national support for the agreement because the ROK will bear the burden of a considerable amount of the cost of building the reactors. Referring to the importance of North-South dialogue, the editorial says: "North Korea should stop trying to exclude South Korea from participating in discussing Korean Peninsula issues."

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial titled "The Settlement of the Light-Water Reactor Negotiations; Now Is the Time To Start Negotiations." Referring to settlement of the light-water reactor negotiations as a victory for the ROK, the United States, Japan, and North Korea, the editorial says: "It is highly probable that the North Korean nuclear issue will be resolved, and that North-South relations will be improved." Also, referring to the government immediately holding a meeting of unification-related ministers to approve the agreement, the editorial calls on the government not to pursue immediate changes in North-South relations just because agreement has been reached on construction of the light-water reactors.

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial titled "The Day After the Light-Water Reactor Negotiations With North Korea Are Settled." Referring to the real intent of the ROK in providing light-water reactors to North Korea, the editorial says the purpose is to ease tension on the Korean Peninsula, as well as to achieve North-South reconciliation. The editorial says: "North and South Korea are the parties to the Korean Peninsula issue. North Korea should remember that all issues pending between the North and South should be resolved pursuant to the spirit of the North-South agreement reached in 1992. Therefore, the provision of light-water reactors to North Korea should be the road to North-South reconciliation, as well as to peace and national reunification."

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word editorial titled the "Difficult Settlement of the Light-Water Reactor Negotiations." Referring to the contents of the agreement, the editorial says North Korea has withdrawn its proposal calling upon

KEDO to build power transmission and distribution facilities and a fuel processing plant. The editorial hopes that the provision of light-water reactors to North Korea will help resolve the North Korean nuclear issue, as well as ease military tension on the Korean Peninsula.

The business-oriented MAEIL KYONGJE SINMUN carries on page 3 a 400-word article titled "Expectations for the Rapid Improvement of North Korea-U.S. Relations." The article says: "The work to provide light-water reactors to North Korea will be helpful in improving North Korea-U.S. relations, as well as in establishing diplomatic relations between North Korea and Japan. Also, it will help ease tension on the Korean Peninsula." Referring to cross recognition of the North and South by the four countries — the United States, the PRC, Japan, and Russia — as a result of the normalization of diplomatic relations between North Korea and the United States and between North Korea and Japan, the article concludes: "This will decisively affect creation of a climate favorable to national reunification."

Kim Chong-il Reportedly To Visit China in Mar

SK1412022695 Seoul HANGYORE SINMUN
in Korean 14 Dec 95 p 1

[Report by Beijing-based correspondent Yi Kil-u]

[FBIS Translated Text] A source well versed in North Korean affairs in Beijing on 13 December stated that Kim Chong-il, secretary of the North Korean Workers' Party, will visit China in March of next year for the first time since President Kim Il-song's death.

This source said that Secretary Kim will visit Shenyang, Liaoning Province, China, in March of next year, and will meet Chinese leaders, including Hu Jintao (53), member of the Standing Committee of the Political Bureau and member of the Secretariat of the CPC Central Committee. In the meeting, they will discuss China's military support to North Korea, the expansion of China's oil supply, economic cooperation plans, and other impending issues between the two countries.

The source added that since Secretary Kim's visit to China is to be made before he is inaugurated as president, his visit will be unofficial and will be a behind-closed-doors event. Accordingly, it was learned that the North Korean Embassy in Beijing is working out various means to promote relations between North Korea and China with Secretary Kim's visit as an occasion.

Japanese Daily Reports DPRK 'Wartime Posture'

SK1412030895 Seoul KBS-1 Radio Network
in Korean 0104 GMT 14 Dec 95

[YONHAP from Tokyo]

[FBIS Translated Text] ASAHI SHIMBUN reports today that North Korea is maintaining a wartime posture and is reinforcing its military leadership during the postponement of Kim Chong-il's presidential inauguration. ASAHI SHIMBUN reported that Kim Chong-il realigned the system and reinforced his bodyguard corps through a military reshuffle in October but that North Korea's food problems are very serious. The paper also reported: Because of the serious food problems, complaints within the military have been increasing, thus creating a strong atmosphere for the system's reform, as well as causing a minor sentiment that they are ready to provoke a war in order to break the current deadlock.

Further on Report

SK1412071495 Seoul KBS-1 Radio Network
in Korean 0518 GMT 14 Dec 95

[Report by correspondent Yu Sung-chae from Tokyo]

[FBIS Translated Text] Quoting a source well versed in North Korean affairs, ASAHI SHIMBUN reported that through a military reshuffle in October, North Korea has prepared a wartime system, in which the military controls all state affairs, with Kim Chong-il as the center.

In October, North Korea's Kim Chong-il promoted to marshal, Yi Ul-sol, who is known as one of Kim's closest men and a hard-liner, and assigned him the mission of safeguarding Pyongyang. Kim also appointed his relative Chang Song-u as the commander of the Third Corps in charge of defending Pyongyang's outskirts. By doing so, Kim has realigned the safeguard system.

ASAHI SHIMBUN also reported that North Korea's food problems are becoming more serious with each passing day, and that because of economic difficulties, complaints have been increasing not only among North Korean residents but also within the military. The paper also reported there is a small voice insisting on southward invasion.

Quoting a military source in Tokyo, ASAHI SHIMBUN noted: It is possible that North Korea may provoke an international military dispute in the DMZ, taking advantage of the confusion in the ROK, to shift the domestic complaints outside of the country.

ASAHI SHIMBUN analyzed: Kim Chong-il's realignment of the safeguard system led by the military and

the maintenance of a wartime system are maybe transitional measures to overcome the crisis until the time of Kim Chong-il's formal presidential inauguration, which is likely to take place in July 1996 on the occasion of the third anniversary of Kim Il-song's death.

Article Views DPRK's 'Double-Dealing' Tactics
SK1412105795 Seoul CHOSON ILBO in Korean
14 Dec 95 p 2

[Article by reporter Kim Hyon-ho: "What Is North Korea's True Face?"]

[FBIS Summary] "North Korea is showing two faces.

"While perpetrating unprecedentedly strong criticism and military threats against the ROK, North Korea has shown an unexpectedly soft attitude in the negotiations on the light-water reactor issue.

"Accordingly, people say that now is the time to make minute observations and thorough analysis to discern the real face of North Korea."

Under such circumstances, recently in the PRC, as well as in the United States and Japan, serious concerns have been raised about the possibility of a southward invasion by North Korea.

Through the president's statements and recent military commanders' meetings, our government has also often stressed the need for high vigilance against a possible southward invasion by North Korea.

What we are more seriously concerned about is the fact that "North Korea seems to have made a decision to simultaneously trigger a military provocation against the South, while kicking off a peace offensive in the form of responding to the light-water reactor negotiations and appealing to international organizations to supply aid for its flood damage in a bid to camouflage its aggressive designs."

Some observers note that the current situation reminds them of the eve of the 25 June Korean war.

"Of course, it is generally believed that at present there is no possibility that North Korean military provocation will become a reality soon," because the North will gain nothing through military action [against the South].

"However, although there is no possibility that North Korea would trigger a military provocation with the hope of gaining something therefrom, no one can predict that there is no possibility of a military action being triggered against the South that proceeded from a desire to defend the North Korean system, which has been driven into despair."

Accordingly, we can say that North Korea's double-dealing, peace and war tactics are an inevitable result of the current domestic situation of North Korea.

"North Korea is making all possible efforts to improve relations with the United States and Japan in a bid to settle its present economic difficulties and escape the crisis in its system arising therefrom.

"However, it has been vividly revealed after the death of Kim Il-song that these days there are forces in North Korea trying to block such an opening up."

An example of this is the incident involving North Korea's demand for the hoisting of the North Korean flag on a South Korean rice ship and the detention of the crew of the South Korean rice ship.

These incidents show that the confrontation between the hawks and doves in North Korea is very serious. However, the position of the hawks in North Korea will become stronger as its economic difficulties, including food shortages, become more serious.

North Korea's double-dealing tactics of showing a moderate attitude in the international arena while assuming a hawkish attitude toward South Korea will continue for the time being.

"The direction that North Korea will take will emerge after this winter, which is a most grim, dark period for North Korea."

North's Efforts To Earn Foreign Currency Viewed
SK1412122495 Seoul CHOSON ILBO in Korean
14 Dec 95 p 10

[Second of three installments of article by reporter Kim In-ku from Shenyang, China: "Winter in North Korea Viewed from Korea-China Border"]

[FBIS Translated Text] A certain Mrs. Yi (62), who comes to Dandong, China from North Korea frequently for the purpose of trade, has been able to engage in active work despite being a sexagenarian, thanks to a picture in which Kim Il-song posed with her. Trade businessmen or businesswomen in North Korea are an object of envy among the people, because they can visit a foreign country and even handle dollars. Becoming a trade official is as difficult as picking a star from the sky. To be selected as a trade functionary, one should have not only outstanding working ability but also a good family and social background, as well as dominant personal status.

Thus, once one is selected to work in the field of external trade, one must make every effort to maintain one's position in this domain. Those who have worked

overseas in trade are obsessed with the idea that they must bring something back home when they return. Only by so doing can they win a citation or official commendation, and thus be able to go back overseas. A certain Chang (25) who has been engaged in trade with North Korea for over two years in Dandong, said that "when a North Korean brings back 10 items when he returns, he must offer five to the state and then can put the remaining five in his pocket."

According to him, North Korean trade officials bring anything that they think can be made into money, and ask people to buy it. Recently, they have even sold insects, such as long-horned beetles and goldbugs. North Korean lands are known to be relatively less polluted and international academic exchanges with North Korea have been rare. Therefore, the status of insects living in North Korea is not well known. This being the situation, selling of insects is known to be good business.

Raw materials and rare metals have emerged as good items for export.

A certain Kim (33), a Korean engaged in trade business, said that he received a fax from North Korean trade officials stationed in Beijing noting that they like to export tellur, which is used for compound metals and semiconductors, and cadmium used for coatings, the total annual North Korean production of which amounts to only 10 to 20 kilograms. He added that 100 grams of tellur cost \$200 and 100 grams of cadmium \$350.

Some North Koreans even bring North Korean dictionaries on technological terms that translate each Korean term into eight different languages. Although the price of a dictionary is marked between \$100 to \$200 a volume, they propose to sell them for \$50.

A trader in Dandong said that "North Korean trade officials, coming to China virtually plead for trade opportunities [tongsajong handa]." There are tens of North Korean trade officials who regularly come to Dandong.

North Korea's Consulate General in Shenyang carries out the role of "a base camp" for external trade. North Korean consuls easily respond to a South Korean's request for a meeting for business talks or on trade affairs.

However, they never show up if the meeting is known to be other than for business and trade.

This reporter invited a certain Yi, a North Korean consul, to dinner one night. But he refused to come, claiming that unless business is discussed, he is unwilling to attend dinner meetings. Although North Korea persis-

tently adheres to earning foreign currency, its trade remains a finger-counting affair. They usually do not use letters of credit, and even international prices are not applied. Trade is usually carried out on a barter basis, exchanging one commodity for another with a similar price.

A person from a trading company in Yanji noted that he had never seen anyone profitably doing business with North Korea and carrying around a lot of contract papers to show for it.

North Korea is trying to sell anything for survival but is not aware of how to sell. This is precisely the true economic situation in North Korea.

YONHAP Views Agreement on Reactors

SK1412095795 Seoul YONHAP in English
0523 GMT 14 Dec 95

[FBIS Transcribed Text] New York, Dec. 13 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea will sign here Friday morning a nuclear reactor supply accord, consisting of 18 articles and four attached documents.

The issue of providing two light-water reactors to the North to replace its graphite-moderated reactors suspected of producing nuclear weapons material has thus been resolved nearly 14 months after the U.S.-North Korea nuclear agreed framework was signed in Geneva Oct. 21 last year, and six months after Washington and Pyongyang agreed in Kuala Lumpur last June on the type of light-water reactors to be supplied.

On the most contentious issue of additional facilities, KEDO agreed to build roads at the nuclear reactor site, facilities to unload construction equipment and materials at a port adjacent there as well as water supply and drainage facilities at the site.

North Korea had originally wanted KEDO to build a power distribution system and a nuclear fuel processing plant, but retracted its demand and agreed to finance those projects itself.

KEDO in turn agreed to arrange loans from international financial institutions such as the World Bank and the Asian Development Bank for the North to finance the power distribution facilities and fuel processing plant projects.

On another issue concerning repayment terms for the light-water reactors, which cost around 4 billion U.S. dollars, North Korea, pulling back its demand for offsetting its investments into the building of its graphite-moderated reactors, agreed to pay back the project's cost

over 17 years after a three-year, interest-free grace period.

Both sides also came to terms on the question of setting up a communication-passageway office. It was also agreed that KEDO personnel will be allowed to travel to the reactor construction site in Sinpo, South Hamgyong Province, via sea or air only, frustrating KEDO's original demand that its officials be allowed to travel through the truce village of Panmunjom.

The agreement also includes provisions about compensation, obligations, safety and penalties in case of violations of the pact. A technical clause calls for recognizing the accord as having the nature of an international treaty and for the North to take over the reactors upon completion of their installation.

KEDO and North Korea agreed to initiate negotiations early next year on 11 items detailing the accord's enforcement such as procedures for administrative cooperation, legal status, consular protection, repayment procedures and supply schedule.

Upon concluding the accord, KEDO, whose major partners are South Korea, the United States and Japan, will sign a commercial contract with the Korea Electric Power Corp., which has been designated as the main contractor for the construction of the reactors.

KEDO will also initiate the project in earnest beginning early next year, including selection of the construction site and sharing negotiations of the venture's cost among KEDO members.

The accord will be signed by KEDO's Executive Director Stephen Bosworth and North Korean Roving Ambassador Ho Chong.

Firms Move To Procure Rights to Nuclear Plants

*SK1412111195 Seoul YONHAP in English
0746 GMT 14 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — With the settlement of the U.S.-North Korea light-water nuclear reactor supply negotiations, domestic construction companies are heading for an all-out war to obtain rights to subsidiary facility construction projects that will most probably be offered by the Korea Electric Power Corp. (KEPCO) as late as 1998.

Such firms include Hyundai, Daewoo and Dong Ah, all of them having had experience in building nuclear power plants, as well as Samsung and Daelim, which have not, business sources said Thursday.

The construction firms plan to give it their all during the bidding since it could be a bridge of opportunity

to advance into the North Korean market, the sources explained.

Hyundai, the most experienced firm in building nuclear plants, has already established a task force in May to take part in the Korean Peninsula Energy Development Organization (KEDO) project.

Dong Ah plans to actively advertise that the reactors Ulchin Nos. 3 and 4 that it built with Daewoo are virtually the same models as the ones planned to be set up in the stalinist country, the sources noted.

The company has recently expanded its special task force regarding the north's light-water reactors, the sources added.

Being no exception in pursuing participation in the North Korea project, Daewoo accordingly has formed an independent business team.

Daewoo will particularly publicize itself as the most active business in economic cooperation with North Korea.

Daelim and Samsung are also busy in preparing for the projected KEPCO tenders, the sources said.

Meanwhile, KEPCO plans to sign a commercial contract with KEDO to supply the two light-water reactors to the North by 1997, and then to select a builder, the sources stated. The builder will be in charge of preparing sites for and installing the reactors, as well as constructing roads at the sites.

Total costs for the building of subsidiary facilities will be 30 to 50 percent of the nuclear project's total expenses of 4 to 5 billion U.S. dollars, the sources added.

Cars To Be Shipped to DPRK's Najin-Sonbong

*SK1412062595 Seoul CHOSON ILBO in Korean
14 Dec 95 p 1*

[Report by Kim In-ku]

[FBIS Translated Text] ROK automobiles will be shipped to North Korea for the first time in history. Kia Motors' 18 automobiles, including its Potentia and Sportage models, vans, and special configuration automobiles, will be shipped from Pusan on 19 December for Najin Port in North Korea. These automobiles will provide commercial use in the Najin-Sonbong area. The automobile importer is Yanbian Longxing Group and is based in Yanji of the PRC. The company obtained a taxi license in the Najin-Sonbong area.

ROK automobiles being shipped to North Korea are one excavator and 18 automobiles: five Potentia sedans, five

Sportage jeeps, two 15-seat Topic vans, one High-combi bus, two trucks, and three tank lorries (two 5-tonne and one 2.5-tonne). Yanbian Longxing Group will initially operate the automobiles for commercial use and later increase the import of automobiles if the number of passengers increases.

The automobiles being shipped to North Korea will bear the car manufacturer's name and model marks. North Korea reportedly approved of the operation of the automobiles with their original marks.

DPRK Winter Fuel Shortage Forecast

962C0007A Seoul NAEWOE TONGSIN in Korean
9 Nov 95 No 978, pp C1-C4

[I. No Fuel To Burn in Unusually Cold Winter — NAEWOE TONGSIN title]

[FBIS Translated Excerpt] Seoul (NAEWOE TONGSIN)—This winter is going to be an unusually cold and harsh winter for the North Korean people.

It will be all the more difficult for them to tide over this winter because of the recurring annual shortage of heating fuel at this season of the year, on top of the flood damage they suffered last July and August. [passage omitted]

A leading official of the General Association of Korean Residents in Japan [pro-Pyongyang Chochongnyon] who recently visited Pyongyang has described the difficulties encountered by North Koreans in preparing for the frigid winter. According to him, the large number of North Koreans who had lost their homes in the floods have not yet found living quarters to protect themselves from icy winds in the winter. Those who had their homes damaged in the floods also have been unable to secure enough fuel for the winter because they had to repair their damaged homes. As a result, said the same Chochongnyon official, they feel very uneasy.

Spreading among North Koreans, with little prospect for securing a sufficient supply of winter fuel, are the vogue words: "One who brings home the coal is the most capable person."

Coal and firewood are the main sources of winter fuel used by North Koreans.

High-ranking party officials residing in Pyongyang use kerosene and gas to cook meals and heat their homes. But their number is very limited.

On the other hand, it is inadmissible for the general public to use kerosene and gas for cooking and home heating, under the circumstances where various forms of oil conservation measures are under way because of

the inability to import crude oil, given an acute foreign exchange shortage.

The average household in North Korea needs about 3 to 5 tons of coal a year, although the quantity varies according to the size of the family and the number of rooms.

Winter Fuel Supply Falls Below Stipulated Amount

North Korean homes usually seal off the briquet oven doors after each use in the summer time so that they may save briquet for the winter.

In connection with the fuel supply for cooking and home heating, North Korean households are divided into two categories: coal-consuming households and briquet-consuming households.

The households whose heads are employed by thermal power plants, iron works, and other factories and enterprises using a large quantity of coal belong to the former category. Each of these households is supposed to receive 3 tons of coal a year. Families working at cooperative farms and industrial management offices which have little to do with coal belong to the latter category. Each of these households is supposed to receive about 750 nine-hole briquets a year.

However, despite the stipulated amount of fuel rationing, recently coal-consuming houses have received a yearly allotment of only 1 ton of coal while briquet-consuming homes are to receive 400 to 500 nine-hole briquets each.

North Korea has drastically reduced coal rationing way below the stipulated amount because coal production has diminished each year.

Regarding the reduction in the briquet rationing, the North Korean propaganda machinery claims that the reduction has been made possible because "high-heat yielding nine-hole briquets" which burn for more than 24 hours are now being supplied.

But the real reason is that the briquet factories in Pyongyang and in provincial capitals are not operating properly due to the power shortage.

For this reason, briquet-consuming households receive coal rations from the municipal or county fuel supply offices instead of briquets, and have to make briquets out of the coal themselves. They thus have double trouble—the reduced ration and the trouble of making briquets.

North Korea's coal deposit is 14.7 billion tons, of which the extractable amount is estimated at about 7.9 billion tons.

North Korea's coal production capacity is estimated at about 43.3 million tons.

Despite this magnitude of the coal deposit, coal extraction in North Korea has been diminishing each year, causing a perennial coal shortage. The obsolescence of coal mining equipment and the lack of enthusiasm to work on the part of the miners are the main reasons for this.

In the past one company of miners used to produce 10,000 tons of coal a month, but now it takes more than three companies to produce the same amount of coal a month for those reasons.

Home-Made Paper Heaters

To cope with the drastic reduction in the supply of coal, North Koreans are devising various self-help measures.

Some of them who have accumulated wealth through sidelines or by commercial activities are solving their problems by buying coal or unsplit wood at the black market.

Workers of coal mines, thermal power plants, and iron works and forest rangers steal coal or logs in collusion with the relevant public security officers to sell them at the black markets. On the black market coal is sold for 8 to 10 won in North Korean currency per 100 kilograms, and unsplit wood for 150 to 200 won per cubic meter.

Those who cannot afford to buy coal or firewood at the black market will solve their fuel shortage by stealing coal from the coal storages in the nearby factories and enterprises in the dead of the night or by stealthily collecting tree branches or fallen leaves from hillocks.

Unable to bear the cold any longer, some inhabitants use a makeshift home-made heating pads in spite of the warning that the use of such device constitutes "a serious antisocial crime."

North Koreans call these pads "paper heaters."

A paper heater is a grid of electric wire sandwiched between two layers of reclaimed cement bags cut to a desired size. The joined end of the electric wire is plugged into an electric outlet to turn on the pad.

It somewhat resembles electric mats used on the paper-covered floor in our homes in South Korea.

Paper heaters are very popular among North Korean inhabitants these days.

According to testimonies by North Korean defectors, 20 to 30 percent of the homes in Hamhung City use these home-made heating pads.

With the growing trend among the populace to make and use these illegal paper heaters despite the acute power shortage, North Korean authorities raid homes in the middle of the night to crackdown on users of paper heaters.

There are additional sufferings North Koreans are going through amid the absolute shortage of heating fuel.

Unable to keep their bodies clean, they suffer from various skin diseases, in addition to influenza, each winter.

In North Korea it is considered most important to winterize the homes by covering every window with vinyl sheets or putting paper flaps to cover window chinks in late October.

Keeping in mind the proverb "The small hole made with a needle lets in a big blow," they are doing their best to keep the heat from escaping and prevent the moisture from seeping in.

Children as well as the old and the weak suffer from cold because of poor ventilation. People have to wear layers of garment, but cannot afford to take a bath and launder their clothes as often as they should, so they are infested with lice, and eczema becomes more rampant in winter than in summer.

Particularly, homes in some rural areas burn fuel just enough to warm the rooms only in the early evening so that there is a frequent incidence of what is called "endemic gangrene" [tukpalsong kwejobyong], which is caused by the infection of frost-bitten flesh when it thaws. [passage omitted]

To increase coal production, North Korea is urging youths to volunteer to work in coal mines. On the other hand, each coal is compulsorily making each household to collect and turn in "gleaned coal."

Gleaned coal refers to coal gleaned from the spaces between pit props.

Shortage of Pickled Cabbages Expected in DPRK

962C0007B *Seoul NAEWOE TONGSIN in Korean*
9 Nov 95 No 978, pp D1-D4

[II. Even Pickled Cabbage, the Only Side Dish, in Short Supply —NAEWOE TONGSIN headline]

[FBIS Translated Excerpt] Seoul (NAEWOE TONGSIN)—[Passage omitted] In North Korea, preparation for winter-pickle making begins in January each year.

People pay money into their "installment savings accounts for winter-pickle making" from January through late October.

On the average they deposit between 7 and 10 won each month, although the amount varies according to the size of the family.

About 70 to 100 won is accumulated in the 10-month period.

The installment savings for winter-pickle making flow into the nearby agricultural cooperatives.

They are used to pay for the cabbage, radish, garlic, pepper, and other ingredients. The purchase agreement is signed in January each year.

Garlic, Other Condiments Out of Reach

In January the people's committee in each area determines the amount of winter-pickles needed and a specific amount is allotted to each enterprise in the area.

Generally, large enterprises and factories sign contracts with the better farms.

The distribution of ingredients for winter pickles is carried out from late October through early November.

In case the contracting farm cannot meet the demand fully due to flood or drought damage, the shortfall is filled by another cooperative farm. But in case this other farm has no room to fill the gap, distribution is made with the shortfall remaining unfulfilled.

The amount of winter pickles consumed by North Korean homes is quite large. This is because the winter is long and there are very few adequate side dishes.

On the average North Koreans consume 70 kg of cabbage per person.

The average consumption of radish is 20 to 30 kg per person. Accordingly, a household of five needs 500 to 600 kg of cabbage and radish.

The average price of vegetables per kilogram is 8 chon in North Korean currency for cabbage, 10 chon for radish, 15 won for garlic, 7 won for red pepper, and 50 chon for pollack.

Ordinary North Korean inhabitants do not bother about the prices of garlic, red pepper, pollack, and other spices because these seasonings are in very short supply and beyond their reach.

Nevertheless, as far as cabbage and radish are concerned, their supply for winter-pickles to North Korean homes is not extremely short.

Minimum 30 Percent Cut in Winter-Pickle Making Foreseen

In the past, people managed to get by with the winter-pickles they prepared, by skimping and making them

last from November through late March, although the amount was far from adequate.

However, the situation is different this year.

Cabbage and radish are in very short supply because the mighty August flood dealt a devastating blow to the plains and level fields along the west coast, the agricultural centers of North Korea.

They are the "Yoldusamcholli Plain," the "Yonbaek Plain," and the "Pyongyang Plain." They not only are North Korea's rice bowls but also account for more than 80 percent of its total vegetable production.

Needless to say, vegetables are grown in North Hamgyong and other provinces also. But the bulk of vegetables produced in these areas is exported to the Far Eastern area of Russia has little bearing on the diet of the local population.

The details of the extent of damage to the vegetable output caused by the August flood are not available.

However, judging from the estimate that the damage to the total crop exceeds no less than 30 percent of the normal harvest, the damage to vegetables is estimated at the same magnitude.

To put it plainly, people will have to reduce the consumption of winter pickles by 30 percent below the normal amount.

Accordingly, a family of five has to reduce the amount of winter pickles to between 330 and 400 kg. In this event, North Korean homes will find themselves in the situation in which they have to do without kimchi [pickled cabbage] in February and March next year unless they cut down on its consumption significantly.

Now the North Korean people even have to worry about their kimchi. No wonder, they are bracing for the coming winter all the more wearily and gloomily.

Red Cross Decries Apathy, Urges Help for North

SK1412123995 Seoul YONHAP in English
1048 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — The South Korean National Red Cross on Thursday called on social organizations and individual people to positively take part in a drive to help relieve North Korean flood victims.

Red Cross President Kang Young-hun said there needs keen humanitarian concern about the North Korean compatriots under a difficulty regardless of political conditions. [sentence as received]

Speaking at a Red Cross-organized reporting session on assistance for North Korean flood victims, Kang regretted that public concern about flood victims has almost dissipated due to a controversy over the recent delivery of rice to the North and also due to North Korea's hardline posture toward the South.

He said his Red Cross could furnish mere 20,000 Swiss francs to the International Federation of Red Cross and Red Crescent for use in relieving flood victims in North Korea whereas 15 countries donated 3 million Swiss francs in all, 2 million francs by Japan alone.

Kang explained that the international federation is promoting a relief plan to provide two pieces of padded bedding, two blankets and two months' foods to each of the 26,000 families left homeless in the floods.

The federation is also working to repair 3,500 dwellings damaged in the disaster, he said.

The Red Cross president said his Red Cross has shipped 8,000 blankets to international Red Cross representatives in North Korea, which he said was purchased with the money raised so far.

'Sources' Reveal PRC Report on North Situation

*SK1412024895 Seoul CHOSON ILBO in Korean
14 Dec 95 p 1*

[Report by Pak Sung-chun from Beijing]

[FBIS Translated Text] Beijing sources revealed on 13 December that a PRC party-government-military report assessed that judging from the recent ROK political situation and the North Korean domestic situation, the possibility of North Korea's southward aggression may become a reality.

According to the Beijing sources, the PRC party, government, and military leaders recently held a secret meeting on the North Korean situation, and wrote a report agreeing with the idea that North Korea may start a war based on four reasons.

The PRC party-government-military report concluded that North Korea may judge that now is the right time to start a war because of North Korea's economic crisis, food shortages, Kim Chong-il's health condition, and the ROK's political situation.

The PRC party, government, and military reportedly have started a comprehensive examination of the possibility of North Korea's southward aggression, and assessed that a war on the Korean peninsula would have a negative effect on the PRC economy. The PRC is reportedly considering sending a message to Pyongyang through diplomatic channels stressing that the PRC does

not wish a situation that breaks peace and security on the Korean peninsula.

PRC Predicts DPRK 'Southward Aggression'

*SK1412065295 Seoul CHOSON ILBO in Korean
14 Dec 95 p 2*

[Article by Pak Sung-chun in Beijing]

[FBIS Translated Summary] According to Chinese travelers who recently returned from Pyongyang, this winter is one of darkness and despair for North Korea. In Pyongyang, Wonsan, and Hamhung, the frequency of bus and tram services has been reduced, and many people are having to line up at bus stops in the cold weather.

The PRC party, government, and military leaders recently wrote a report on the likelihood of North Korea's southward aggression.

"The report is based on intelligence gathered from Chinese travelers, the PRC Embassy in Pyongyang, and other sources. The report has an in-depth analysis of the recent moves of Kim Chong-il, whom the PRC officially supported." The report assessed that the military influence is growing in North Korea with the prolonged vacuum of power, and that North Korea is gradually moving out of the PRC's control.

"Contrary to the PRC's wish for peace and stability on the Korean peninsula, which would be conducive to the PRC's economic growth, the report assessed that North Korea may make an abrupt move to overcome an internal crisis. This is believed to be the reason why the PRC is demanding cash payment for the PRC's food and oil exports."

"The party-government-military report notes the fact that North Korea recently refused the visit by Sihanouk, Cambodian king, and Fidel Castro, president of the Cuban Council of State." A meeting among the PRC party, government, and military leaders reportedly also discussed various measures to block North Korea's southward aggression. The ruptured talks on the 1996 oil supply agreement between the PRC and North Korea which were held in Beijing are believed to be one of such measures to prevent North Korea's abrupt move.

"Based on compiled intelligence, the PRC assesses the morale and appearance of the soldiers of the North Korean People's Army to be at its worst. The PRC is reportedly studying ways to persuade and block North Korea as soon as possible if the North Korean military leaders were to decide to start a war."

Foreign Ministry Welcomes Bosnian Pact

SK1412094495 Seoul YONHAP in English
0933 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — The South Korean Government welcomed the official signing of the Bosnian peace agreement in Paris by the parties directly concerned Thursday, saying that the accord will provide a comprehensive framework for ending the conflict in the former Yugoslav region.

In a statement issued by the Foreign Ministry, Seoul said the agreement, in ending the four-year conflict, will pave the way for restoring peace, stability and human rights in the Balkans as well as in Bosnia.

Reconfirming South Korea's position that the conflict be resolved in a peaceful manner, the statement said that Seoul strongly wishes for the faithful implementation of the agreement by the parties concerned under close cooperation with the international community.

"With regard to the agreement's implementation, the Korean Government sets a high value on the efforts of the international community for rehabilitating the war-torn former Yugoslav region," the statement said, "and hopes that people in the region will recover from mental and physical suffering as soon as possible, and that a smooth economic reconstruction will be accomplished."

Kim, Hungarian Prime Minister Hold Meeting

SK1412043895 Seoul YONHAP in English
0257 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — South Korean President Kim Yong-sam and Hungarian Prime Minister Gyula Horn agreed to step up cooperation in trade, investment, science and technology between their two countries at their meeting in Chongwadae [presidential offices] Thursday.

At their first-ever summit, the two leaders expressed satisfaction with the way their countries are promoting cooperation in political, economic and cultural areas.

Sharing the view that the U.S.-brokered Bosnian peace accord will pave the way to a lasting peace in the Balkan peninsula, they also agreed to seek a way for the two countries to jointly participate in reconstruction projects for the war-torn former Yugoslavia.

President Kim, citing Hungary's leading role in reform programs that are sweeping east European countries, expressed hope that the country would achieve great success in its efforts to develop democracy and economy.

Prime Minister Horn hoped for active participation of South Korean businesses in his country's privatization

of state-invested enterprises, while showing interest in President Kim's reform programs.

He also expressed support to Seoul's efforts to maintain peace on the Korean peninsula, agreeing with Kim's view that the situation of North Korea is fluid and unstable.

Following the summit, both heads of state attended a ceremony where Foreign Minister Kong No-myong and Hungarian Administrative State Secretary of Trade and Industry Szabolcs Fazakas signed an agreement on South Korea's 25-million-dollar Economic Development Cooperation Fund (EDCF) loan to Hungary.

Horn later attended a luncheon Korean business leaders co-hosted for him at the Lotte Hotel and then visited the National Assembly to meet Speaker Hwang Nak-chu and other parliamentary leaders.

In the evening, President Kim and the first lady will host a state dinner for the prime minister and his wife at Chongwadae.

Horn Urges Investment

SK1412110095 Seoul YONHAP in English
0607 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — Hungarian Prime Minister Gyula Horn said Thursday that he hopes South Korean enterprises will participate actively in Hungary's economic reform.

Delivering a speech at a luncheon hosted by chiefs of four major economic organizations at Lotte Hotel, the visiting premier said, "Hungary is pushing for economic reform for a market economy after winding up its reform in politics and various systems."

He added that South Korea should mitigate various administrative regulations now limiting the country's import of Hungarian agricultural goods and foods.

Meanwhile, Choe Chong-hyon, chairman of both the Federation of Korean Industries and the Sunkyoung Business Group, said that his nation should find ways of achieving co-prosperity with Hungary by expanding bilateral economic cooperation from just the trade of goods to the establishment of joint ventures, as well as technology investment.

About 130 businessmen from both nations participated in the luncheon.

Article Views Significance of Kim Statement*SK1412031095 Seoul CHOSON ILBO in Korean
13 Dec 95 p 2*

[Article by reporter Kim Chang-ki: "The Significance of President Kim's '12 December Statement'"]

[FBIS Summary] President Kim Yong-sam's 12 December statement on "correcting history" was very natural because it was released on the 16th anniversary of 12 December incident. "On this natural occasion, the president showed again the progression of his unique political leadership. The statement confirmed and declared the success of the 'bloodless revolution' and indicated a plan for the final disarmament of some surviving reactionary forces."

"It seems that the ruling party was originally concerned about the possible reactionary moves and adverse effect following the consecutive arrest of former Presidents No Tae-u and Chon Tu-hwan. However, it has succeeded in controlling the general situation by using the strong weapons of justification and public opinion."

In the statement, President Kim explained "why he has now set out about the task of correcting history," and "his explanation is convincing." We can easily understand the president's expression "the shameless act of reversing history" when we recall the fact that "following the failure in the local elections, the ruling party leadership was greatly alerted by the moves of the old ruling circles, which could be sensed through the rumor on forming a new party by the forces of the Fifth and Sixth Republics."

President Kim is likely to present his future political policy during a news conference on New Year Day "after concluding the investigation and indictment of ex-President Chon and his followers and taking actions against disclosed illegalities involving politicians."

Paper Reviews Background of President's Statement*SK1412033495 Seoul TONG-A ILBO in Korean
13 Dec 95 p 3*

[Article by Kim Tong-chol: "President Kim's Efforts To Settle the Current Political Situation"]

[FBIS Summary] "It appears that President Kim Yong-sam's 12 December public statement to the people issued to explain the meaning of his work of correcting history and to express his stern will as the president on the occasion of the 16th anniversary of the 12 December incident [military mutiny of 12 December 1979] involves some political background."

First, the statement is aimed at resolving the current complicated political situation and social unrest caused by the secret fund scandal and the enactment of a 18 May special law. The political circles have been in a chaotic situation because of President Kim Yong-sam's successive hawkish drive of arresting No Tae-u, ordering the enactment of a 18 May special law, and arresting Chon Tu-hwan.

"Accordingly, Chongwadae [presidential offices] believes that the justification of the ruling party's 'drive of correcting history' has been overshadowed and that, instead, political attention has been focused on such issues as terminating the era of the three Kims [Kim Yong-sam, Kim Tae-chung, and Kim Chong-pil] and investigating politicians."

This is why in his 12 December statement, President Kim Yong-sam appealed to the people to participate in the drive of correcting history, declaring that "justice, law, and conscience are still alive and that it is inevitable to correct history in order to achieve genuine national reconciliation."

Second, the issuance of the statement is also closely related to "the split within the ruling party and the ill-boding public sentiment in Taegu and North Kyongsang Province" which have been more seriously revealed since the arrest of No Tae-u.

The arrest of No Tae-u won the people's consensus. However, regarding the arrest of Chon Tu-hwan, there was still argument among the people, although many of the people welcomed it. The Democratic Justice faction in the New Korea Party is criticizing Chon's arrest, and the public sentiment in Taegu and North Kyongsang Province is strongly deteriorating.

"Such being the situation, President Kim — who had appealed to the people to leave the wrongdoings of the past to the 'judgment of history' at the time of his inauguration — needed to explain to the people the background behind why he changed his initial appeal to the 'judgment by law' in an effort to win the people's consent to the punishment of the military coup forces."

What draws our special attention in President Kim's public statement is the fact that he stressed the need for all the people to join "the movement of correcting history." This means that he frankly admitted there are limits in carrying out the drive of correcting history. In other words, President Kim's public statement indirectly indicated that he needs the opposition parties' cooperation with his drive of liquidating the past history.

"In any event, it appears that President Kim will conduct an overall cabinet reshuffle after the special law is passed at the National Assembly and Chon Tu-hwan

is indicted in an effort to solve the current political situation through dialogue with the opposition parties."

Prosecution Questions Choe Se-chang, U Kyong-yun
SK1412112495 Seoul YONHAP in English
0950 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — The prosecution, probing the Dec. 12 and May 18 incidents, questioned Thursday former Defense Minister Choe Se-chang and ex-Army investigator U Kyong-yun for their part in the two controversial events.

A prosecution source said Choe, 3d airborne brigade commander at the time of the incidents, was asked about the background that led him to join the coup force, to have his brigade troops arrest his superior, Special Warfare Commander Chong Pyong-chu, and to order opening fire during the Kwangju incident.

The prosecution also detected a sign that Choe pocketed a large amount of commission in return for arranging a soft-term loan of 1,230 million won for a businessman during his days as president of the state-run Korea Mining Promotion Corp. in 1991.

U Kyong-yun, who was the chief of the army criminal investigation group during the coup, was grilled about the arrest of Army Chief of Staff and Martial Law Commander Gen. Chong Sung-hwa.

U was one of the two colonels who personally called on Gen. Chong at that night and carried him away at gun point.

The questioning was made at U's home as he is paralysed waist down due to a gunshot wound suffered in a shootout during the arrest of Gen. Chong.

Parties Criticize Choe for Not Cooperating
SK1412020195 Seoul THE KOREA TIMES in English
14 Dec 95 p 2

[FBIS Transcribed Text] The nation's ruling and opposition parties yesterday in unison accused ex-president Choe Kyu-ha of not having cooperated with the prosecution probe of the 1979 coup led by two jailed ex-presidents, Chon Tu-hwan and No Tae-u.

Two state prosecutors on Tuesday visited Choe at his residence to question him on whether he was forced to step down in 1980 by Chon and No. But Choe maintained a stony silence, refusing to cooperate with the probe.

Choe, 71, became President after then-president Pak Chong-hui was assassinated by his intelligence chief on Oct. 26, 1979.

The following year, he gave way to Chon, who as army major general led the junta.

The ruling New Korea Party [NKP] expressed deep regret over the ex-president's "ignoring the public aspiration to set straight the country's distorted history."

"If he continues refusing to cooperate with the prosecution's investigation, he will also be disgraced as a coup colleague with Chon and No," a party spokesman said.

NKP spokesman Rep. Son Hak-kyu continued that it was Choe's duty to reveal the truth about the coup.

The main opposition National Congress for New Politics urged the prosecution to hear his testimony, even if it meant obtaining a court warrant.

"I don't know if there is anything Choe has done for the nation," said party spokesman Pak Chi-won, dubbing his refusal a "shameless act."

Pak also urged Choe to stop "ridiculing the people any more and by revealing what he knows about the military mutiny."

The minor opposition Democratic Party also charged, "If he feels any responsibility for failing to prevent the anti-historic and heinous crimes of the military coup and the following massacre, he should tell the whole truth."

Year-End Views Kwangju Incident
SK1412115395 Seoul YONHAP in English
0922 GMT 14 Dec 95

["Editor's Note" to YONHAP item by Chu Sang-on headlined "Kwangju Uprising Reappraised Amid Purge of Past Coup Plotters": "This is the second in a series of year-enders reviewing major inter-Korean, socio-political and economic developments this year. The following article looks at the Kim Yong-sam government's campaign to 'right the wrongs of the past.'"]

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — The Kwangju pro-democracy protest in May 1980 that resisted with blood the power-seizing scheme of the military junta led by Gens. Chon Tu-hwan and No Tae-u has come to be seen from a different perspective.

The Kwangju struggle, formerly branded as "violence by subversive elements," is being redefined as "a historic event" that preserved democracy through defiance of the military junta, while undergoing a drawn-out process of honor restoration.

Leaving their past glories behind, Chon and No, having wielded absolute power as heads of state, are being punished as chieftains of insurrection and rebellion.

With the expected enactment of a May 18 special law just around the corner, the country has launched a task of rectifying the bloody event as well as punishing Chon and No and their cronies.

Strictly speaking, the incarceration of the ex-presidents has nothing directly to do with the projected May 18 special law.

No has been indicted for committing graft in accumulating an astronomical sum of slush funds while in office, with additional charges to be added on for his roles in the 1979 coup and the 1980 massacre.

Chon has been put behind bars not under a May 18 special law, but under an existing statute that deals with the crime of military insurrection.

So are the probes into the former leaders' cronies who were involved in the Kyongbok Palace meeting, where the arrest of then-army chief of staff and martial law commander Gen. Chong Sung-hwa on the evening of Dec. 12, 1979, was plotted, as well as nationwide extension of martial law on May 17, 1980, and the bloody crackdown on protesters in Kwangju in May of the same year.

Nevertheless, such incarcerations and investigations into the incidents cannot be considered apart from the drive to enact the May 18 special law.

The grand drive to right wrongs committed under the Fifth and Sixth Republics began to evolve after President Kim Yong-sam abruptly disclosed his intent to legislate a May 18 special law Nov. 24.

Following President Kim's decision to write the law, the Constitutional Court had to withhold its ruling on an appeal regarding the prosecution's earlier decision not to indict Chon and No at the request of complainants and the prosecution started a reinvestigation into both incidents.

The path for Kim to make the decision that led to Chon's arrest was not without its pitfalls.

Though he earlier defined the Dec. 12 intra-army coup as "a coup d'etat-like incident," the chief executive had been withholding legal actions against it, arguing that "a judgement of the case should be left to history." On demands that a May 18 special law be enacted, he turned a deaf ear on the grounds that "it has unconstitutional elements."

On an appeal to the Constitutional Court against the decision not to prosecute those responsible for the two occurrences, he insisted on a wait-and-see attitude until the court ruled on it.

But as the court had been determined to rule on Nov. 25 to the disfavor of the prosecution's decision in question, a probe into Chon and No became unavoidable.

Kim's decision was apparently prompted by other factors, too.

Popular protests against the prosecution's controversial decision spread across the country since it was announced in July. Spearheaded by the opposition camp, dissident groups, professors and students, the resistance drive made the issue of a May 18 special law the top domestic political issue.

With President Kim finally accommodating the public's demand in a blitzkrieg manner, the legislation of a special May 18 law gained tremendous momentum.

Kim said that enacting the special law would provide the general public with an opportunity "to learn that justice, truth and law are alive in the land."

In his statement issued on the 16th anniversary of the Dec. 12 coup, Kim declared, "correcting our history is a glorious revolution restoring the self-esteem of the people and opening a brighter future for the country as well as being a grand future-oriented work of creation."

Chon was arrested Nov. 3, merely two days after the prosecution renewed its investigation into the two incidents.

His arrest and incarceration carries great historical significance in that the coup's mastermind who seized power unlawfully and engineered the massacre of Kwangju citizens has come to stand trial after all.

His arrest, on the other hand, tells that the Kwangju pro-democracy movement is approaching a climax.

The proposed special law, now being debated by political circles, is focused on punishing members of the military junta involved in the coup and massacre, in addition to Chon and No, who can be dealt with even under existing laws.

A prevailing view has it that under current law, Chon and No cannot be tried on treason charges since the statute of limitations has expired, but that they can be punished under the military criminal code which provides for stiff punishments for military sedition.

The same view holds it that their cronies, however, cannot be punished under existing laws as the statute of limitation has expired for them.

Accordingly, ruling and opposition parties have submitted to the National Assembly bills stipulating the application of statute of limitations for the purpose of ferreting out and punishing not only the masterminds of the coup and massacre but their followers as well.

Both the Chon and No camps, of course, assert that such a law is unconstitutional and are set to challenge the proposed legislation with the Constitutional Court once the trial opens.

At any rate, the projected enactment and enforcement of a May 18 special law is expected to be remembered as a major historical event here in the sense that it will help rectify the country's past as well as punish those responsible for the two unfortunate incidents.

'Substantial Progress' Made in Chon Fund Probe

SK1412011895 Seoul YONHAP in English
0024 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — A number of false and borrowed-name accounts of jailed ex-President Chon Tu-hwan, containing unused money out of a huge slush fund he allegedly raised during his presidency, have been discovered through the prosecution's tracing of his financial dealings.

Choe Hwan, chief of the Seoul District Prosecutor's Office, indicated Thursday that substantial progress has been made in the probe into Chon's alleged slush fund, saying, "the outcome of investigations into the unused balance of Chon's slush fund will be disclosed sooner or later."

Prosecutors have already secured over 10 false-name accounts of Chon, which can be traced without a search warrant, and are looking into their amounts and origins, according to prosecution sources.

By obtaining search warrants issued by the court within a few days, the prosecutors plan to trace Chon's bank accounts that have been converted into real-name ones since the real-name transaction system was enforced in 1993, as well as any borrowed-name accounts he might have.

By completing its investigations of business tycoons within the week, the prosecution also plans to add graft charges when it indicts Chon Dec. 22 for military insurrection.

"Most of those top business executives who were questioned in connection with detained former President No Tae-u have again been investigated under summons at neutral places like hotels," said a prosecutor.

"Investigations are now under way mainly on defense industrialists and arms dealers who were involved in the Yulgok arms procurement project under the Fifth Republic (led by Chon)," the source added.

Choe Reportedly Received Money From Chon Tu-hwan

SK1412101695 Seoul YONHAP in English
0604 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — Former President Choe Kyu-ha received "a huge amount" of money from then Army Defense Security Commander Gen. Chon Tu-hwan while he was in office in 1980, Rep. Kang Chang-song of the opposition Democratic Party (DP) charged Thursday.

In making the accusation at a DP lawmakers' meeting at parliament, the soldier-turned-politician demanded that the prosecution treat the former president not as a witness, but as a criminal suspect and detain him for interrogation.

"I've been tipped off that former President Choe received a huge amount of money from Mr. Chon on three occasions, but I'll refrain from making public details of the information in view of his status as a former president," Kang said at the meeting.

He added, however, that he would hand details over to the prosecution and reveal the exact amount of the money he received from Chon after discussing the matter in a meeting Monday of the his party's fact-finding committee on corruption and irregularities allegedly committed during the Fifth and Sixth Republics.

Kang also maintained that Choe was questioned for four hours by Gen. Chon and Yi Hak-pong, then a colonel in charge of anti-espionage affairs at the Defense Security Command, at his Chongwadae [presidential offices] office on March 12, 1980, on suspicion of helping Central Intelligence Agency Director Kim Chae-kyu to slay President Pak Chong-hui.

Choe must reveal to the prosecution how he was forced by six army generals to approve ex post facto the arrest of then Army Chief of Staff and Martial Law Commander Chong Sung-hwa at his residence at 3:40 AM on Dec. 13, 1979, the DP member stressed.

The ex-president must also disclose how he was coerced by former Prime Minister Kim Chong-yol and then Capital Garrison Commander Maj. Gen. No to step down in July 1980, he added.

Further on Receipt of Money

SK1412110995 Seoul YONHAP in English
0809 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — Former president Choe Kyu-ha received "a huge amount" of money from then Army Defense Security Commander Maj. Gen. Chon Tu-hwan while he was in

office in 1980, Rep. Kang Chang-song of the opposition Democratic Party (DP) charged Thursday.

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"I've been tipped off that former President Choe received a huge amount of money from Mr. Chon on three occasions, but I'll refrain from making public details of the information in view of his status as a former president," Kang said at the meeting.

A DP lawmaker who preferred to remain anonymous said, "I've heard a couple of days ago from a source that Choe received a total of 17.5 billion won (about 22.7 million U.S. dollars) on three occasions from Chon beginning in May 17 in 1980 when Chon expanded martial law throughout the entire country in a virtual coup d'etat until around the time he resigned as president."

He quoted his source as saying, "Choe was offered 1.5 billion won, 1 billion won and 15 billion won in three lump sum payments."

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Ruling Party Examines Postponement of Reshuffle

*SK1312144695 Seoul MUNHWA ILBO in Korean
13 Dec 95 p 1*

[Report by Cho Yong]

[FBIS Translated Text] It was learned that leaders of the ruling camp have been examining the possibility of postponing a large cabinet reshuffle and inquiries into political circles in an effort to pay attention to the highest goal of the government — the enactment of a 18 May Special Law and the conclusion of the investigation of Chon Tu-hwan and No Tae-u.

On 13 December, a high-ranking official of the ruling camp said: "The most important task of the current regular session of the National Assembly is to pass the 18 May Special Law with the consensus of the ruling and opposition parties." He added: "I know President Kim Yong-sam will not reshuffle the cabinet during the current session of the National Assembly."

This official also said: "The president has no reason to hasten a cabinet reshuffle because cabinet ministers who want to run in the parliamentary elections scheduled for 11 April 1996 must resign from their posts 90 days prior to the elections." In this manner, he hinted that the cabinet may be reshuffled toward the end of this year or early next year.

His remarks are noteworthy in that this may indicate a change in the ruling camp's handling of state affairs. Meanwhile, there had been strong speculation in the ruling camp that, in an effort to renew the shape of the ruling camp before the regular session of the National Assembly closed on 19 December, President Kim would undertake a large reshuffle of the cabinet, including the prime minister, and thus gain parliamentary approval for the appointment of the new prime minister.

On the possibility of replacing Prime Minister Yi Hong-ku, a New Korea Party leader who used to be a close confidant of Kim Yong-sam stated: "Many people in the ruling camp question who can find a candidate for the post as qualified as Prime Minister Yi." He added: "In case President Kim does not replace Prime Minister Yi, he does not necessarily have to undertake a cabinet reshuffle during the regular session of the National Assembly. If he does replace Yi Hong-ku, he still does not necessarily have to undertake a cabinet reshuffle during the regular session of the National Assembly. This is because the National Assembly will convene a special session in mid-January 1996 to pass elections laws and because Kim Yong-sam may then seek parliamentary approval for the appointment of the new prime minister."

Another high-ranking official of the ruling camp said: "When President Kim Yong-sam was sworn in, he declared he would not receive any money. Therefore, Kim Yong-sam's determination is to resolutely punish anyone who has received political funds since President Kim was sworn in."

Ruling Party To Withhold Political Dialogue

SK1412052395 Seoul YONHAP in English
0411 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — The ruling new Korea Party (NKP) said Thursday it will not engage in any political dialogue or negotiations with the opposition camp concerning the prosecution's handling of the slush fund scandal involving ex-President No Tae-u and the Dec. 12 and May 18 incidents.

"We have reaffirmed the party's principle that the slush fund scandal and military incidents cannot become subjects of political negotiations," party spokesman Son Hak-kyu said after the NKP's senior officials meeting.

"Discovering truths behind the incidents will be impossible without judicial action against them," the spokesman said, and added "we must liquidate the disgraceful history of military coups, corruption and irregularities."

The NKP's position has been construed as a lack of intent of the ruling party to settle the incidents politically until former Presidents No and Chon Tu-hwan as well as other politicians involved in the scandals have been completely handled through judicial proceedings.

Referring to bipartisan dialogue to ease current political tension, the spokesman said, "Political circles must watch and cooperate with the prosecution's investigation of the slush fund scandal and the military incidents to reveal their real truths."

"Accordingly, dialogues between ruling and opposition parties will be possible after judicial actions against them are completed," Rep. Son said.

Another NKP official hinted that investigations of politicians would start soon after the current regular National Assembly session closes next week, saying, "The atmosphere for bipartisan dialogue will hardly be fostered unless the prosecution's probe of the incidents is completed within the year."

Conflict Over Special Law Expected

SK1412062095 Seoul THE KOREA HERALD
in English 14 Dec 95 p 2

[By staff reporter Sin Yong-pae]

[FBIS Transcribed Text] Ruling and opposition parties are negotiating on binding their special bills on the punishment of former Presidents Chon Tu-hwan and No Tae-u on treason charges into one.

But little progress is being made in the negotiations because of their differences over the appointment of special prosecutors.

Even if the rival parties reach an agreement and pass the bill through the National Assembly, they may face another controversy — the constitutionality of the special law.

Some lawmakers and legal experts are claiming that special bills put forth by the parties include some provisions in conflict with the Constitution.

They worry that if the proposed special law should be ruled unconstitutional, it would be impossible to punish the two former Presidents.

Chon, No and some of their cronies are accused of staging a coup in 1979, which was followed by a military massacre in Kwangju the next year.

Chon was arrested on mutiny charges Dec. 3 and two days after his arrest, his successor No was indicted on corruption charges.

Articles of the special bills in question are about statutory limitation to treasonous criminal suspects.

The ruling party's special bill calls for the suspension on limitation for those who became Presidents through treason and Presidents who committed such a crime while in office.

Under the bill, the tenure of the two former Presidents would not be included in limitation.

But some lawmakers and lawyers point out that the article may go against the Constitution, which stipulates that the President shall not be charged with a criminal offense while in office, except for treason.

Such an observation is based on an alleged confirmation by the Constitutional Court that the 15-year limitation is over for Chon and No.

Former President Chon is threatening to appeal to the Constitutional Court if he should be indicted on treason charges.

"If the Constitutional Court maintains the confirmation, the proposed special law is certain to be ruled unconstitutional," said Rep. Pak Sang-chon of the main opposition National Congress for New Politics.

The lawyer-turned lawmaker also said the proposed special law would invite criticism that politicians have made an arbitrary decision on who can be prosecuted.

He said the ruling party failed to specify concrete reasons why the limitation for the two former Presidents should be suspended in its bill.

The main opposition party's bill also includes an article calling for suspension of the statutory limitation to Chon and No.

Under the bill, the limitation would be suspended because it was practically impossible for the prosecution to indict Chon and No while they were Presidents.

But it is difficult for the opposition party to avoid criticism that its bill, like that of the ruling party, clashes with the Constitution.

A lawyer, who once worked at the Constitutional Court, said there is a great possibility that suspending or extending statutory limitation will be ruled unconstitutional.

"To indict the former Presidents on treason charges, it is necessary for the Constitutional Court to rule that their limitation is not over," said the lawyer. "But the court is not likely to do so."

Political Parties Discuss Amendments, Laws

*SK1412042895 Seoul THE KOREA HERALD
in English 14 Dec 95 p 2*

[FBIS Transcribed Text] Rival political parties started negotiations on proposed amendments to laws governing political activities — the political fund law and the election law — yesterday.

Negotiators from the four parties agreed to amend the laws during the current regular session of the National Assembly for clean politics and low-cost elections.

Despite their efforts to revise the laws during the current session ending next Tuesday, however, the ruling and opposition parties are wide apart on issues concerning state subsidies and individual donations to political parties and election campaigns.

They agreed not to take up the issue of redrawing parliamentary electoral districts until the Constitutional Court rules on the constitutionality of a wide gap in voter representation between the smallest and largest electoral districts.

When they met for the first time at the National Assembly yesterday morning, the negotiators agreed to raise the limit to the amount of money an individual is allowed to contribute to a lawmaker.

But opposition party members voiced opposition to the ruling party's proposal that state subsidies to political parties be lowered.

The ruling New Korea Party proposed that annual state subsidies to political parties be reduced from 800 won to 600 won per voter and that the portion of the total subsidies that is evenly divided among parties with 20 lawmakers or more being reduced from the current 40 percent to 20 percent.

The rest of the money is divided in proportion to the number of votes each party won in the previous parliamentary election.

But the opposition negotiators claimed the ruling party's proposal is designed to weaken their parties.

Another issue of contention concerned contributions made by corporations, other organizations and individuals to political parties through the Central Election Management Committee.

Opposition negotiators said few corporations and people contribute to opposition parties for fear of persecution by the government and its ruling party.

For this reason, they said a certain portion of contributions to the ruling party must be given to opposition parties. Otherwise, they demanded that contributions to political parties be abolished.

The main opposition party, the National Congress for New Politics, demanded 50 percent of contributions to the ruling party be given to opposition parties.

For the proposed revision of the election law, negotiators found they did not have much difference in many areas.

They agreed that the news media should be allowed to conduct exit polls and that political parties should be allowed to check with law-enforcement authorities if their candidates are ex-convicts.

They also agreed that the maximum amount of money a candidate can spend for his campaign be raised.

Article Assesses Parties' Stands on Issues

*SK1412064795 Seoul THE KOREA HERALD
in English 14 Dec 95 p 2*

[FBIS Transcribed Text] The conventional line dividing the ruling and opposition camps is blurring as they are becoming more issue-oriented.

Depending on pending political issues, rival parties either form a united front or stand opposite each other, raising the possibility of an imminent realignment.

Both ruling and opposition parties have crossed the line that separated them in the past since the major slush fund scandal involving former President No Tae-u broke out in mid-October.

Hours before No confessed to amassing a fortune by taking bribes while in office, Kim Tae-chung, leader of the main opposition National Congress for New Politics, admitted that he took 2 billion won from the disgraced former President.

Kim then alleged President Kim Yong-sam had received much more from No, urging him to reveal the amount of his presidential campaign funds in 1992.

The conservative opposition United Liberal Democrats sided with the main opposition party in attacking the ruling party, which is led by President Kim.

But the minor opposition Democratic Party stood by the ruling New Korea Party when it demanded Kim Tae-chung also make public his campaign money for his unsuccessful presidential bid in 1992.

The Democratic Party also is teaming up with the ruling party in opposing the appointment of independent special prosecutors to reinvestigate the 1979 coup and the 1980 massacre, which has been persistently demanded by the main opposition party.

This time too, the United Liberal Democrats is on the same side as the main opposition party.

The three opposition parties are pitting themselves against the ruling party on the issue of appointing special prosecutors to investigate President Kim's 1992 campaign fund.

But in large part, recent political issues group the ruling New Korea Party and the Democratic Party as one side, while putting the main opposition National Congress for New Politics and the United Liberal Democrats together.

The first group has called for a generational change in the nation's political leadership in a bid to retire Kim Tae-chung and Kim Chong-pil, leader of the United Liberal Democrats, from politics.

The relations among the four parties are complicated enough to raise the possibility of a political realignment either before or after the general elections next April.

Speculation is still rampant that a faction of the ruling party may seek to merge with the opposition Democratic Party to survive the current political turbulence created by the slush fund scandal.

Another speculation has it that the United Liberal Democrats may seek to ally itself with the main opposition party in calling for a change in the governing system from the current presidential to a cabinet system.

Hanbo Chairman Released for Poor Health

SK1412105895 Seoul YONHAP in English
0717 GMT 14 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 14 (YONHAP) — Hanbo Group Chairman Chong Tae-su was temporarily released from prison on account of his poor health and will remain in confinement at Seoul National University Hospital, the Seoul District Court ruled Thursday.

Presiding Judge Kim Yong-il of the court's criminal panel No. 30 said Chong's detention will be suspended for two months so that he can be treated for paralysis of his body's right side, high blood pressure and diabetes due to his advanced age of 72.

Accordingly, he can receive medical treatment from Seoul National University Hospital until Feb. 14, unless the court extends his temporary release.

Chong was imprisoned late last month on charges of violating the real-name financial transaction system by shifting former president No Tae-u's secret funds, totaling 60.6 billion won, from six false and borrowed-name bank accounts opened under Chong's name in September 1993.

Ministry on Steps To Improve Investment Climate

SK1412042995 Seoul THE KOREA TIMES in English
14 Dec 95 p 8

[FBIS Transcribed Text] The investment climate in Korea has been improving quickly in recent years, especially in terms of manufacturing costs and the availability of skilled manpower, and foreign investments are starting to increase.

According to a report by the Ministry of Trade, Industry and Energy [MOTIE] yesterday, total foreign investment here reached 1.4 billion dollars in the first 10 months of this year, up 26.5 percent over the same period last year.

MOTIE officials said the government has been taking a number of aggressive steps to make the investment environment more attractive to foreign companies, providing tax incentives for operating out of exclusive industrial complexes.

"We are introducing a number of industrial complexes exclusively for foreign and foreign-invested companies, and they are expected to encourage increased investments here," one MOTIE official said.

For one thing, the manpower productivity has been increasing at a rate of 50.8 percent between 1990 and 1994, surpassing the 21.8 percent in Taiwan, 24.8 percent in Singapore and 20.5 percent in Malaysia.

Even in terms of the level of education, the number of workers with higher education was 4,540 per 100,000 in Korea, compared to 3,147 in Taiwan, 2,060 in Thailand and 2,338 in Japan.

While the cost of manpower is relatively higher in Korea, at 6.25 dollars per hour in 1994, much of it is compensated by the higher productivity. Manpower cost in Hong Kong was 4.76 dollars and 5.55 dollars in Taiwan.

However, it is noteworthy that manpower costs have been falling in recent years, with the rate of increase falling from the average 20.2 percent in 1990 to 10.8 percent last year.

At the same time, disputes between labor and management have also been falling drastically. Compared to the 322 cases in 1990, it was just 121 last year and even fewer this year, MOTIE officials said.

"Admittedly, the interest rates and labor costs here are adverse conditions for attracting foreign investment, but there have been huge improvements in other categories," one senior MOTIE official said.

Considering the fact that Korea depends on foreign technologies in a number of areas, it is critical that conditions are improved further to ensure that foreign companies find it more and more comfortable to operate out of Korea.

In particular, MOTIE officials said, greater efforts must be made to make conditions conducive for Japanese companies to invest as part of a measure to correct the huge trade imbalance.

Ministry To Raise Imported Oil Tariffs

*SK1412042695 Seoul THE KOREA HERALD
in English 14 Dec 95 p 8*

[FBIS Transcribed Text] Starting next March, the government will raise tariffs on imported crude oil, light oil and Bunker-C oil to 5 percent from the current 3 percent in a bid to curb energy consumption, the Ministry of Finance and Economy said yesterday.

The ministry announced a draft plan for the operation of flexible tariffs for the first half of next year, which excludes petroleum products from a list of imported goods that will be subject to tariff quotas.

However, crude oil used for producing naphtha, or major raw material of chemical products, will continue

to benefit from the tariff quota rate of 3 percent, the ministry said.

According to the plan, tariff quotas will be applied to 41 items during the first half of next year, down from the present 47 products.

Also excluded from the list are methanol, manioc pellets, electrolytically plated or zinc-coated flat-rolled products of iron or non-alloy steel, hot coils and unhulled barley.

Newly-included items are turbo jets, turbo-propellers, other gas turbines and parts for aircraft, and automatic controlling instruments and apparatuses for aircraft.

Tariff quotas, which are lower than basic tariff rates, are imposed on raw materials when their rising import prices are feared to push up domestic prices.

Editorial Urges Revival of Ethics in Business

*SK1412044695 Seoul THE KOREA HERALD
in English 14 Dec 95 p 6*

[Editorial: Renewal of Business Ethics]

[FBIS Transcribed Text] The ugly but cozy relationship which has existed between politicians-bureaucrats and businessmen is being gradually brought to light in the course of extensive investigations into the slush fund scandals involving two former Presidents and their associates. It was most unfortunate that our society has been plagued by corruption to the extent of its being widely practiced and generally accepted as being rather natural and inevitable.

On the other hand, the untoward developments implicating most big businesses in the scandals gave rise to a fresh awakening and a profound soul-searching on the part of all concerned, prompting them to make new resolutions to do away with the bad old practice and revive robust business ethics.

The endeavor for contrition and reform is deemed necessary to clarify the divorce of the industrial and commercial community from politics, and claim a proper and proud place in the economy and society of the nation as one of the major agents of growth. A new wave of revitalized business ethics is rising to the relief of the nation that has been frustrated at the perversion leading to collusion with politics.

The Hyundai Group took the lead in the reform campaign by adopting and declaring a charter of business ethics and a new concept of management earlier this week. Hyundai, the top business conglomerate in Korea, committed itself to evolving into one of the first-rate businesses of the world ready for the advent of

the 21st century. It seeks to achieve a breakthrough in technological development and managerial innovation, promoting maximum customer satisfaction and making greater contributions toward the building of the nation and the prosperity of humanity.

The charter of business ethics called for the eradication of illicit collusion with politics, elimination of irregularities and malpractices, establishment of independent operation by professional executives, search for fair competition, increased support for small industry and a heavy emphasis on environment-friendly management. These aims illustrate the just and timely responsibilities and duties of all commercial and industrial interests, the big ones in particular.

Many other leading corporations are following suit in the way of discarding the bad old past and invigorating fresh and reformed ethics. The move is certain to breathe fresh air into the disgraced and dormant morale of the business community.

The Daewoo Group proclaimed a rationalization plan to separate ownership from management for the sake of better spontaneity and professionalism. The LG Group also said it would discontinue nepotism in personnel administration to streamline its management. The Federation of Korean Industries adopted a set of guidelines to improve the contaminated business climate.

These declarations and related public campaigns, though positive and encouraging, are not sufficient enough to

transform the business scene. Many similar gestures have been made in the past only in vain. However, their survival and growth would be hopeless unless they live up to the pledge to reform this time.

The political fund scandals reduced big businesses to accomplices in the wrongs of corruption. At the same time, most of them were not so much the culprits as victims. In order not to repeat the mistakes, reform of political parties and electoral processes has to be carried out and business circles should be left alone without being dragged into the dirty game of politics. Clean politics and government could be attained only through the honest joint efforts of politicians, bureaucrats and businessmen. Ordinary citizens and the consuming public should also do their share to inspire and influence those industrialists and financiers affirmatively.

It is time for our businesses to unshackle themselves from the shady bondage with politics. They should start concentrating on technical research and development and the promotion of marketing and customer service. The latest disturbance in politics as a result of the scandals cast a damper on brisk economic activity, demoralizing most citizens and business people. This malaise must come to an end immediately to resuscitate dynamism for growth. The current tribulation should prove to be a turning point for the better — part of growing pains the nation has to sustain.

Burma**Representatives Submit Papers to Convention**

*BK1412105095 Rangoon TV Myanmar Network
in Burmese 1330 GMT 12 Dec 95*

[FBIS Translated Text] The plenary session of the National Convention continued at 0900 this morning at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon].

It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC] and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Tun, committee vice chairman, and committee members; Brigadier General Tin Aye, chairman of the National Convention Management Committee, and committee members; convention delegates; and local and foreign journalists.

The plenary session was chaired by U Tin Maung Kyaw, alternate chairman from the group representing peasants. Today's panel of chairmen was composed of Dr. Thaung Myint, member of NCCWC; U Lei Kwe Chin from the Shan State Kokang Democratic Party; U Maung Gyi from the Union Pa-o National Organization; U Khin Maung Pe from the group representing peasants; U Bo Myint from the group representing workers; U Hla Myint from the group representing intellectuals and the intelligentsia; U Ant Maung from the group representing public service personnel; and U Ko from the group representing special invitees. U Ko Ko Gyi, director of administration of the NCCWC Office, acted as secretary of the meeting.

The presiding chairman declared that the session was valid and open as it was attended by 522 of the 590 delegates eligible to attend the convention.

U Sai Soe Nyunt, the delegate representing the Shan Nationalities League for Democracy [SNLD] from the political parties group, submitted the first part of the party's proposal paper on basic principles on the chapter on the executive branch, after which the meeting recessed at 0945.

When the session resumed at 1000, U Sai Nyunt Lwin, SNLD delegate from the group representing political parties, submitted the second part of his party's proposal paper on basic principles to be included in the constitution on the executive branch. The meeting then recessed at 1055.

When the plenary session resumed at 1155, U Khin Maung Gyi, delegate from the National Unity Party [NUP] of the group representing political parties, sub-

mitted his party's proposal paper on basic principles to be included in the constitution on the executive branch.

Although U Yankyin Maw, delegate from the Shan State Kokang Democratic Party [SSKDP] of the group representing elected representatives, was scheduled to read out a proposal paper on basic principles to be included in the constitution in the executive branch, he only submitted the report and did not read it out so as to save time as his report was identical to the report of the SSKPD submitted to the convention on 8 December 1995.

U San Tha Aung, delegate from the Mro of Khami National Solidarity Organization and representative of the elected representatives group, read out his paper to the convention. Although U Sai Tin Win was scheduled to read out the proposal paper of the elected representatives of the SNLD, he decided only to submit his report to the presiding chairman without reading it as his report was identical to the report submitted by the SNLD, which was read in the morning.

The plenary session ended 1325. The session will continue at 0900 on Wednesday 13 December.

Brunei, Malaysia & Singapore**Malaysia****Bombing Plot Suspect Held at 'Undisclosed' Site**

*BK1412054395 Kuala Lumpur THE STAR in English
14 Dec 95*

[Report by Lourdes Charles — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — An Afghan, wanted by the United States Federal Bureau of Investigations for suspected involvement in a plot to blow up 11 U.S. airliners in the Far East was arrested here last Sunday.

It was not known where the suspect, identified as Wali Khan Amin Shah, was arrested. Wali Khan is also believed to be involved in the February 26, 1993 bombing of the New York World Trade Centre.

Bukit Aman [Malaysian Police Headquarters in Kuala Lumpur] public relations department chief Superintendent Ghazali Mohamed Amin confirmed the arrest.

It is learnt a special team from Bukit Aman was questioning the suspect who was being detained at an undisclosed location.

Meanwhile, wire agencies reported that Wali Khan was one of those involved in the bombing of a Philippines airliner on December 11 last year.

A Japanese was killed and 10 others injured.

The reports quoting U.S. prosecutors said the explosion were test runs for a greater plot to blow up 11 airliners in a single day.

The plot called for five terrorists to plant undetectable bombs on the jumbo jets.

The wire agencies also reported that Wali Khan was charged in a plot to terrorise the U.S. into changing its Middle East policies, especially towards Israel.

They also said that several of Wali Khan's friends were charged for involvement in the bombing of the New York World Trade Centre where six people were killed and more than 1,000 injured.

Wali Khan was not implicated in the bombing although his photographs were found in the computer belonging to the mastermind of the bombing.

Singapore

Goh Chok Tong Interviewed on ASEAN's Future

BK1312134395 Bangkok BANGKOK POST
in English 13 Dec 95 pp 4, 5

["Excerpts" of interview with Singapore Prime Minister Goh Chok Tong by BANGKOK POST Editor Phichai Chunsuksawat and Regional Editor Anurat Maniphan on his views on ASEAN and its future — date and place not given]

[FBIS Transcribed Text] [POST] What would your assessment be of ASEAN's achievements since the 1992 summit in Singapore?

[Goh] There were two main areas of focus in 1992. One was to implement this free trade area which was later on called AFTA, the ASEAN Free Trade Area. Second was to get discussions going among ASEAN ministers and officials on security issues.

Prior to 1992, ASEAN concentrated primarily on economic and social issues. The security angle was not discussed. Since then, AFTA has been launched and there has been some advancement made in implementing it.

Also, ASEAN has formed the ASEAN Regional Forum, which is a step forward in getting sensitive matters discussed, not just within ASEAN but also with ASEAN's friends from outside ASEAN.

[POST] What are Singapore's expectations of this summit?

[Goh] I expect confirmation that we are on the right track in terms of trade liberalisation. There has been some talk on advancing the end date of the AFTA

schedule from year 2003, which was agreed to earlier by the ministers, to the year 2000.

I think it's neither here nor there — three years. The important thing is to have made the change from the year 2008 to 2003, which signals the importance the leaders put on trade liberalisation. A further advancement would be nice to have, but it would not be critical. But we would also want, where we can, to put in as many items as possible within the time-frame of the year 2000. It's a matter of details to be negotiated by the officials.

The second expectation will be some discussion on expansion of ASEAN to include the three remaining Southeast Asian countries — Cambodia, Laos and Burma. And if we can lay the groundwork for this expansion, what our founding fathers envisioned for ASEAN will come true in the beginning of the 21st century.

[POST] With regards Cambodia, Laos and Burma, the fact is that these countries do face problems in adjustment (in joining ASEAN). Is there more that ASEAN could do to help expedite or change their internal processes?

[Goh] I think the first easy task we can do is to help their officials receive training in English. That's what Singapore and I believe, Malaysia have been doing with Vietnam, for example.

They were more or less French-based in their education and now very much Vietnamese, while English is the common language of the administrators of ASEAN. So, we offer lessons in English.

Secondly, what we have done is to bring the officials through the various ASEAN countries, to visit the secretariat and national secretariat, and get an understanding of what ASEAN is about — the corporate culture of ASEAN — and to see how they can prepare themselves when they become members of ASEAN. These are two simple tasks.

The more difficult one will be to forge an understanding that we are now trying to bring in members with very different social structures and at very different stages of economic development. Will the new members slow down the progress of ASEAN? Will they add strength to ASEAN? These are questions we've got to manage. Of course, we want all the new members to come in slowing us down for a while and later on adding strength to ASEAN. That's the kind of process we've got to manage.

[POST] It seems that each ASEAN country is trying to help. But what about the possibility of a more coordinated effort where ASEAN is the central body or

executing agency, coordinating all assistance to these countries?

[Goh] We have learnt from experience that the best way is to create the framework for stability and growth, that the growth must come primarily from the private sector with the government of each country preparing the foundation and erecting the framework for private sector enterprises to network among themselves and to invest.

I don't think we will change because in the past we have tried the ASEAN Industrial Joint Ventures, then the brand-to-brand kind of decision on market-sharing, and I don't think that worked.

For the CLM [Cambodia, Laos, Myanmar (Burma)] countries we will discuss how we can focus on certain areas within a country, again getting the private sector to be the locomotive of growth. This can be an extension of the Growth Triangle concept. It is already in place.

There is a Growth Triangle in the southern part of the Malay Peninsula and there is one in the northern part. There is one on the east side involving the Philippines and East Malaysia. The Mekong Basin provides a good opportunity for this concept. Of course, it's now being done primarily by Thailand, the Indochina countries and China as well.

I think it's possible that if you get opportunities over there, the ASEAN countries can pay some attention. I mean, Singapore would be interested in the opportunities there by way of investing in the region, which we are not doing at the moment. But through an ASEAN effort, through an ASEAN understanding, we can signal to our private sectors the opportunities in such an area, and there can be a special framework for investments which could be created by the countries concerned to attract investments into the area.

[POST] So, you don't see ASEAN as a donor type (body), but you see it through the private sector?

[Goh] Donor type, yes, in a small way, but it will be mainly along the line of technical assistance. Singapore has a US\$10 million fund for Indochina and a \$3 million fund for Burma. This is to train people in things like port management, airport management, administration of free trade zones and other such things.

The donor part is out, but it is possible that if the ASEAN members are confident about the opportunities and stability of the region, they could then help the private sector to create an infrastructural fund. That's more meaningful. You involve the banks you involve the investors over here because there is a lot of capital within ASEAN. That capital can move into some well-

managed commercial infrastructural funds which can be specially dedicated to the CLM countries.

[POST] This idea hasn't been floated with the CLM's before?

[Goh] No, because it's still early days for them. They've got to get their political and economic foundation right first.

[POST] You think it's too early even now to do this sort of thing? You can discuss it? Maybe they will be interested.

[Goh] It can be discussed.

[POST] Will you suggest this at the summit?

[Goh] Yes, I think it can be discussed. We are participating in some funds, but it's not just meant for the CLM countries. It's meant for infrastructural development within Asia. The same idea can be used in a more focussed way for the CLM's.

[POST] What about the political foundation for the CLM's to integrate into ASEAN?

[Goh] The political side is going to be handled by the countries themselves because our basic principle in ASEAN is not to interfere in each other's politics. So they themselves will have to mix around with the other ASEAN countries and decide their own way of governing their countries.

The basic principle of non-interference must be observed, respect for each other's sovereignty. We will accept what each other is. We will not try and change each other politically. We will accept you for what you are. If you join us, there are certain rules, certain ways of behaviour. We get along observing those rules of behaviour within ASEAN.

[POST] You mentioned the idea of discussing more security issues. Will the inclusion of the CLM in ASEAN dispel a certain sense of uncertainty in the region?

[Goh] Yes, it will. Part of the purpose of having security discussed by ASEAN and with ASEAN's friends is to bring about a more amicable pattern of behaviour. If we have a culture of dialogue, a culture of cooperation, differences can be discussed multilaterally if there are multilateral problems and, through such dialogue, leaders know one another. It's also easier for leaders of two countries to discuss bilateral problems on a bilateral basis.

[POST] On economic cooperation, there is some discussion of getting AFTA achieved by the year 2000 if

possible. Singapore won't be pushing for 2000? It won't be unhappy if it's 2003?

[Goh] It's symbolic, that's all. The year 2000 is symbolic. That means at the turn of the century, we would have implemented the ASEAN Free Trade Area. Singapore is all for it, but we are not pushing because we have always been an open economy. We understand that there are countries which are just industrialising now. Indonesia may have some sensitive sectors. So, we will go by what the other countries are comfortable with. To me, in terms of real results three years would not make much difference. But it's nice to have the symbol if we can.

[POST] One of the key areas the leaders will be announcing is the start of negotiations on services which will last for about two years. Isn't that a little long?

[Goh] I don't know whether it will last two years or whether it will take a little while. This is a new framework. This doesn't come within your AFTA 2000 or 2003.

That's for goods. So, these are two new frameworks, one on intellectual property, the other on services which ASEAN will focus on. So that in a sense expands the area of free trade for the ASEAN members. I don't know the time-frame for negotiation for that maybe two years, maybe longer than two years.

[POST] We see ASEAN in relation to other bodies. APEC [Asia-Pacific Economic Cooperation] has started discussion on liberalisation and if ASEAN is to remain more attractive it has to keep pace.

[Goh] I would prefer to take this attitude, make haste slowly. We are moving into a new area. Let everybody be comfortable with it and, once each country understands the advantages for each other, to move a little faster. You'll find the slow boat starting to pick up speed.

I would not say at this stage whether one or two years should be our target. Just get the matter discussed and then let it pick up speed, the way AFTA has picked up speed. In Singapore, Thailand wanted to have a 10-year timeframe for AFTA in 1992. Singapore supported Thailand over the 10-year timeframe, but the other countries could not come along with 10 years because they thought it was too fast.

So it was 15 years. Then within two years of implementation of AFTA those countries supported a faster implementation by the year 2003, and last year some countries wanted to push it to the year 2000. Let them understand the advantages of liberalisation and then I

believe local businessmen who might be affected by the opening will also be pushing for faster liberalisation.

[POST] With this realisation, would you partly credit the WTO and GATT, and the movement on APEC as well, for pushing it along a little?

[Goh] Yes. It's the total atmosphere, and what I think will also be discussed is the AFTA/CER (Australian and New Zealand Community of Economic Relations) link-up. That will also be discussed. That's another pressure point for AFTA in moving faster because AFTA will discover that others have gone much further ahead in terms of openness of trade and services, telecommunications and so on.

[POST] The issue of agriculture is a rather sensitive one, not for Singapore but certainly for the others. There have been cases of agreements reached followed by requests for withdrawal. Is it possible for ASEAN to institute a dispute settlement or arbitration mechanism?

[Goh] I think the mechanism could be formalised, but I'm not sure whether it's necessarily the best way to resolve problems. I'm not sure you can just resolve it through a formal mechanism. It requires a certain degree of objectivity and maturity to resolve bilateral problems. Maybe time and the process of gaining confidence may allow the problem to be resolved.

[POST] Some people feel that while the ASEAN process is there, it moves very slowly.

[Goh] I know, some of us are very impatient. As I told you, we are dealing with countries at different stages of economic development and dealing with very different political and social backgrounds. But the fact that we can get along for so many years shows that a slow process works.

You know that the Thai environment is different from Singapore's and Malaysia's and ours is different from Indonesia. Philippines is another society and now it's the CLM's. They are very different societies. With such differences in background and perspective, I think a slow process is the right process.

[POST] The summit meeting of the leaders used to be every five years, now it's every three years. ASEAN is now meeting its APEC partners once every year. What is there to prevent the ASEAN leaders from meeting once a year?

[Goh] There's nothing to prevent the leaders from meeting more frequently than once every three years. Once in three years was decided upon more or less as an outer timeframe because before it was once in five years. In Singapore we decided that we should at least meet once in three years.

[POST] But it would be nice in Bangkok if you agree to meet once a year because that would really get things going, really get ASEAN going?

[Goh] I think it's a thought which can be considered. If there are projects on the stove, we would want to meet more frequently than once in three years to ensure the projects can be kept going, kept warm.

I would personally favour having another meeting within two years. I wouldn't say "every two years", but the next meeting should be held in two years' time and, if possible, maybe within 18 months' time because so many things are happening in Asia and we have the opportunity to keep the momentum going forward. If you meet only in three years' time, then we are less in control.

But one can also argue that it is not necessary for the leaders to meet even within two years because officials are meeting regularly. Work is done. It's not that the work is not being attended to; the economic ministers and foreign ministers meet frequently every year.

[POST] On the security situation, ASEAN initiated the ASEAN Regional Forum [ARF], what is your assessment of that?

[Goh] Well, for the first two years, the foreign ministers have done much better than we expected. They have had good dialogue sessions with the United States, China, Australia and so on, and there seems to be a greater readiness now to put sensitive subjects on the table.

Again, it's doing things at a pace which is comfortable to everybody. To try and rush it would make some members feel uncomfortable, and they may just opt out of the dialogue. Why should they come and be queried on what they have done or what they have not done?

ARF is about confidence-building. To outsiders, of course, the ASEAN leadership appears to be so cautious, but from our own experience in dealing with one another we find that building confidence through increasing the comfort level is a very important process which must succeed first. The process is as important as the end objective. Without the process, we won't get the end objective.

[POST] But even within ARF there are two views: on one side there are those who feel that there should be something concrete every time they meet and the other there's the Asian approach which aims to get members comfortable. If ARF is to succeed, perhaps there's a need to reach some middle ground.

[Goh] Maybe after a while. I mean, you take an issue like the Spratly islands — can you expect ARF to solve the problem? We meet and then we just negotiate on

the spot or we blame one another. I don't think you will solve it because some problems take a little while, and maybe it can never be solved in a conventional way.

So what you want is to prevent a flare-up of the conflict. In the process of talking, there is a bit of give and take. Who knows, maybe over time some solution can be found — for example, through joint investments in the disputed areas or some sharing of wealth which can be found beneath the sea.

These are possible solutions, but that will come about only if both sides realise that you can't solve it in a conventional way — its either yours or mine. Again, the final solution has to be through both sides understanding one another better and the impact of a certain solution on the larger security and prosperity framework of Asia. The others which are not involved in the conflict also have interests because conflicts affect them too. Hence, we require a forum like the ARF.

[POST] Do you detect a trend of increasing problems among ASEAN member countries resulting from the struggle for the use of resources in the region for example in areas of fishing and labour. With the CLM countries coming in do you see these problems increasing?

[Goh] The potential for conflicts is when countries compete for limited resources. Sometimes, there are grey areas where countries dispute ownership of resources. I think fisheries will be one of the main areas. Even though the territorial boundaries may not be in dispute, fishermen looking to their livelihood may not know exactly where the boundaries are at sea.

How do we manage this? Again, I can only hope that, because of better understanding and countries having larger common interests, they will not allow individual incidents to mar the more important relationship between countries.

The process has got to be managed. It helps when the leaders understand that the interdependence of countries will enable us to grow together better than if we were to delink and have a situation of confrontation.

[POST] At this Summit, Thailand appears to be talking about greater ASEAN awareness among the people, suggesting that there perhaps be some mechanism to get the people, the NGO's [Nongovernmental Organization], the MP's together.

[Goh] Of course, it's good promoting ASEAN too so the laymen — the farmers, the workers, the taxi-drivers — also support the concept of countries working together. That will result in stronger pillars because there's some

sort of people awareness, people appreciation, of the importance of ASEAN.

It's not a critical area now, but I think once we've resolved the bigger issues, it's useful to get somebody to do a little PR [public relations] for ASEAN, to think of ways to let the benefits of ASEAN be known by the people. Besides, if we create the awareness first and the benefits don't come immediately, people will become cynical.

So let us get the big picture right first and we can promote it once the operations start going. That way, we have not raised people's expectations first.

[POST] Do you agree with the principle that ASEAN governments should consult non-governmental organizations more in the process of decision-making?

[Goh] I would consult NGO's where they can make a contribution. I won't put it down as a principle that we must consult NGO's. If there are NGO's which are doing good work outside, we should find a way whereby their views can be harvested for the good of ASEAN.

[POST] At this point, what kind of NGO's do you feel would be useful?

[Goh] I think the economic think-tanks and the business NGO's could be useful. I would give more emphasis to the business NGO's—maybe business councils, business groups, chambers of commerce—commenting on what we do and give us their expectations. We can try and see what we want to do to meet their requirements. This is what we are here for, to ensure that business can thrive.

Of course, they are impatient, they want more and more. Some governments are prepared to go fast, but others are not. The think-tanks could be useful because, occasionally, you do get some good ideas from individuals in think-tanks.

[POST] The Asia-EU meeting, what are your expectations, Singapore's expectations?

[Goh] Again you see, for our first meeting, we should aim at getting the leaders of both sides having a better appreciation of each other, personally and each other nationally — that means the problems which are being faced by the countries the challenges and the opportunities. And then, I would hope out of this appreciation, the leaders will decide that we should have a second meeting.

Of course, I would not expect — this involves more leaders than in ASEAN — to have the next meeting within 12 months, but maybe within 24 months. But in between the meetings, this and the next meeting, the leaders must give some projects, some programmes or

ideas, for ministers and officials to work on. If we can achieve that, I would say we'd have got this meeting on track. We would have launched it. It's not a one-off meeting.

I would hope the key theme will be economic cooperation, getting the Europeans to see Asia and the growth of the emerging economies in this part of the world as an opportunity for Europe and not as a economic threat to them.

There is still this residual fear that when Asia grows, Asia will export to Europe. When you export to Europe, you put pressure on their industries. They may lose jobs to us and we may overtake them in standard of living, as some of us have done already. But do you want to stop it? Can you stop it?

Why not see this as an opportunity to also raise your standard of living and if do we catch up with you, does it matter? If we catch up with you, all of us have higher standards of living. Surely you don't expect Asians to always be poor? But, you know, there is this residual fear in Europe that it's a zero-sum game. If we do well, they will not do so well. I would see both of us feeding one another and creating prosperity for one another. So, it is this understanding which we want to put across to the Europeans.

Cambodia

Ranariddh, Hun Sen Leave for ASEAN Summit

BK1412132195 Phnom Penh National Radio of Cambodia Network in Cambodian
1100 GMT 14 Dec 95

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister, and wife; Samdech Hun Sen, second prime minister, and wife left Phnom Penh at 0900 this morning for Bangkok, the Kingdom of Thailand, to attend the ASEAN summit [words indistinct] 10 Southeast Asian countries, namely Cambodia, Vietnam, Laos, Thailand, Burma, Malaysia, Indonesia, Philippines, Singapore, and Brunei.

This is the first time that heads of the Royal Government of Cambodia [RGC] are taking part in declaring the political security and economy in the Kingdom of Cambodia before the heads of states and of governments of countries in this region.

His Excellency [H.E.] Ieng Muli, minister of information, who was on hand to send off the two prime ministers at Pochentong International airport said: The fact that the heads of the RGC are attending the summit of Southeast Asian countries shows the approach to incorporating the 10 regional countries into the Association of Southeast Asian Nations or ASEAN.

Minister Ieng Muli added: The question is whether Cambodia [words indistinct] but countries in the region want Cambodia to quickly join ASEAN.

Number of Lieutenant Colonels, Majors Reduced

BK1412063195 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 14 Dec 95 pp 1, 4

[Report by Peyatro]

[FBIS Translated Text] The number of lieutenant colonels and majors, believed to be more than 15,000 in total, was trimmed down to over 2,000 on the afternoon of 12 December.

An official announcement on the restructuring the military ranks and the supply of new registration numbers to the lieutenant colonels and majors was made at the Defense Ministry on that afternoon. It was an important step taken following the reform of the ranks of the KRAF's [Khmer Royal Armed Forces] colonels and generals in mid-April this year.

Based on the framework, structure, and experiences gained in the previous reform, the Defense Ministry has trimmed down the number of lieutenant colonels to 646 from 4,851, or 13.31 percent, and the number of majors to 1899 from 8,439, or 22.50 percent. This reduction is aimed at effectively strengthening the commands and tasks of the KRAF's officers, noncommissioned officers, and troops.

It should be recalled that implementing the KRAF cocommanders in chief's decision on the reform of the military ranks, the Defense Ministry's commission in charge of the reform on 17 April 1995 officially reduced the number of generals to 199 from over 2,000, or 10.69 percent, and the number of colonels to 318 from 2,121, or 14.99 percent.

Improved Measures Urged To Ensure Food Supply

BK1412060195 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 14 Dec 95 pp 1, 2

[Article by Ms Savari: "Cambodia No Longer a Beggar?"]

[FBIS Translated Text] Although this year's rice production may be large enough to meet the country's food requirements, it is not yet certain that from now on Cambodia will no longer be a food beggar. There are still many factors for the Cambodian peasants to fulfill in order to stabilize their food production efforts and ensure permanent food sufficiency.

Some government leaders have said recently that from now on Cambodia no longer has to go around begging the world for food. Such an assertion seems far-

fetched and illogical. Saying "Cambodia will no longer be a beggar if the weather conditions are favorable" or "Cambodia will remain a beggar if the weather conditions are unfavorable" would appear to be more pertinent.

For over two decades, Cambodia — a country which used to be well-known for its agriculture, with 85 percent of its population made up of peasants — has become notorious throughout the world for being a food beggar. Some may put the blame on the country's state of war; but the more important cause is Cambodian agriculture's total dependence on nature, that is, nature alone determines whether Cambodia has or does not have food. The Cambodian peasants have little influence on their production whether in terms of labor or means of production; so they rely mainly on the state.

At all times and under all social regimes, state leadership and government policy always extol the importance of the peasants in the role played by agriculture in economic development and regards them as an important key. However, what really happens is something else. For this reason, rice yields and the amount of farm produce and foodstuffs have so far shown only a very small increase and production continues to be frequently threatened by nature.

According to the royal government's program, the state helps build large dams for the peasants; encourages the latter to dig small ditches, providing them with rice in exchange for their labor; helps find markets for their produce; sets up model farms in each region to help train and advise the peasants; helps them build infrastructural projects from roads to transport; and circulates farm products, and so on.

We are proud that in just two years the royal government has been successful in making it possible for Cambodia to acquire enough food to eat. We are also proud that this is the first time since it was plunged into war that Cambodia no longer has to beg other countries for food. But what is more important is for the government to know what it should do and how it should do it so that the country always has food, however bad the weather conditions may be. Otherwise, this will be seen merely as an accidental success.

Indonesia

ASEAN Nuclear Weapons-Free Zone Pact Viewed

BK1312151495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 13 Dec 95

[Station commentary]

[FBIS Translated Text] THE INTERNATIONAL HERALD TRIBUNE last Sunday quoted officials in

Bangkok as saying that 10 Southeast Asian countries are scheduled to sign a treaty banning nuclear weapons in the region despite reservations by the United States and the PRC. Last Friday, the two countries publicly expressed their concern over the treaty, saying that they will not support it unless significant amendments to the treaty are made. For this reason, ASEAN foreign ministers meeting in Bangkok for the ASEAN summit decided to discuss possible amendments to the treaty.

The treaty will cover a 322-km Exclusive Economic Zone and the continental shelf of the countries which will ratify it, including Cambodia, Laos, and Myanmar [Burma], which are not ASEAN members. The treaty also resembles the ASEAN Declaration issued in Kuala Lumpur in 1971, which described Southeast Asia as a zone of peace, freedom, and neutrality even when the Cold War had not yet ended. Now more than five years after the end of the Cold War, Southeast Asia wants to turn itself into a nuclear-free region. This means that all 10 Southeast Asian countries will not produce, possess, or test nuclear weapons, but they will still allow ships or aircraft carrying nuclear weapons belonging to nuclear powers to pass through their territorial waters or air space.

What we want to see first is whether the United States and the PRC will sign a protocol on the nuclear-free treaty. Malaysian Prime Minister Mahathir Mohamed said last week that the treaty will be signed even though it is hard to guarantee its effectiveness without the participation of nuclear powers.

Minister on Security Agreement With Australia

*BK1412120195 Jakarta ANTARA in Indonesian
1029 GMT 14 Dec 95*

[FBIS Translated Text] Bangkok, 14 Dec (ANTARA) — Indonesia and Australia will sign a security agreement in Jakarta on 18 December. Speaking to reporters in Bangkok on Thursday, Minister-State Secretary Mardiono said the security agreement is neither a defense nor military pact, noting that the agreement will only confirm security cooperation between the two countries, including joint military exercises and exchange of visits by military officers.

The two countries are fully aware that regional and international stability is important to their basic interests. "Without national, regional, and international stability, national development program will not work," said Mardiono, adding that the agreement will be signed by Foreign Minister Ali Alatas and his Australian counterpart Gareth Evans during the scheduled visit to Jakarta by Australian Prime Minister Paul Keating on 17 December.

President Suharto, Prime Minister Paul Keating, several ministers and the armed forces commanders of the two countries, will witness the signing ceremony.

Murdiono said the security agreement will contribute toward regional and global stability as well as internal stability of the two countries. The agreement will again strengthen the existing cordial relations between the two countries. He also noted that the two countries will not violate each other's sovereignty. "The draft agreement has been processed for about one and half years," he said.

Commentary: Australian Ties To 'Remain Good'

*BK1412030195 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 14 Dec 95*

[FBIS Translated Text] Good morning, dear listeners:

An incident in front of the Australian Embassy on Tuesday [12 December] is inseparable from a series of incidents in several Australian cities. The demonstrations, highlighted by the burning of the red and white flag, insulted the Indonesian people's dignity and prestige. It is not impossible that new incidents similar to the ones in the Australian cities perpetrated by desperate people will reoccur. For the Indonesian people, the red and white flag is a symbol of honor that was defended with blood and tears during the country's independence war.

Being aware of the sovereignty of a country over its embassy, we, therefore regard the incident in front of the Australian Embassy on Tuesday as a reflection of the love of Indonesians, in this case pro-integration East Timorese, for the unitary Republic of Indonesia. We are proud of their attitude. For your information, the Indonesian Embassy in Australia experienced a worse situation than the one that arose in Jakarta when Sabam Siagian was ambassador there. The embassy was once blocked by certain people in Australia. For example, its postal services were interrupted.

Indonesia and Australia will remain close neighbors for geographic reasons, and no one in the world will be able to change the reality. Australia has enjoyed a surplus in trade between the two countries. That country is the main source of tourism in Indonesia, particularly Bali. Relations between the two countries are excellent at the governmental level. This has been marked by an exchange of visits between civil and military officials and joint military exercises. At the people's level, there have been several activities by the Indonesia-Australia Institute, headed by Richard Wolcott.

In view of the recent incidents, the central question is: How will relations proceed in the future? In our opinion, Indonesia and Australia are mature nations and their

leaders have been consistently wise enough to deal with the incidents. The apparently smooth appointment of Wiryono Sastrohandoyo to fill the ambassadorial post in Canberra shows the wise attitude of the two sides. This is the main basis of our conclusion that bilateral relations will remain good. When the Southeast Asian Nuclear Weapon-Free Zone Treaty is signed, Indonesia will be one of the ASEAN members that want Southeast Asia to be free of nuclear weapons. The treaty will definitely be of great significance for Australia, which has strongly opposed French nuclear tests in the South Pacific.

Dear listeners, this has been our commentary.

Laos

Investment Meeting Held With Singapore Board

*BK1412134595 Vientiane KPL in English
0927 GMT 14 Dec 95*

[FBIS Transcribed Text] Vientiane, December 12 (KPL) — The Lao delegation, led by Mr. Leuan Sombounkhan, vice president of the Committee for Planning and Cooperation (CPC) and chairman of the Foreign Investment Management Committee (FIMC), met here yesterday with a delegation of the Singapore Trade Development Board mission, led by Mr. Andrew Kang, director of the Singapore Contractors Association Limited.

During their meeting, the two sides discussed feasibility in investment in road construction, construction bidding, and opportunities for further cooperation between Singapore and Lao investors in Laos.

The Singaporean delegation will also meet with other concerned officials of FIMC, the minister of finance, the minister of communication, transportation, post and construction, and senior officials of the National Chamber of Commerce and a number of development projects and construction companies.

The Singaporean delegation arrived here on December 10 for a working visit until December 12.

Government Regards Hmong Refugees as 'Terrorists'

*BK1412022995 Bangkok PHUCHATKAN in Thai
13 Dec 95 p 5*

[FBIS Translated Text] Somchan Thavikham, secretary general of the Lao-Thai Cooperation Committee, told PHUCHATKAT that despite the formation of the joint cooperation commission in 1991, the unsettled border dispute between Laos and Thailand has prevented Lao-Thai relations from being fully developed.

Somchan noted that the two countries have to accept the demarcation line as stipulated in the provisions of

the Franco-Siam treaties signed between Thailand and France in 1893, 1904, and 1926 before his country gained national independence.

Touching on the dispute over the area between Chat-trakan District in Phitsanulok Province and Boten District in Laos' Sayaboury Province, which broke out in 1987, Somchan said that the treaty clearly stated that "the Heuang River," not "the Heuang Nga River" as claimed by the Thai side, is the borderline.

Somchan said: "In the past, we tried to avoid this problem for fear that it might affect the ongoing efforts to further develop relations between the two countries. However, since ties between Thailand and Laos have much improved, the time is now appropriate for the two countries to jointly settle the dispute so as to prevent it from obstructing the further development of their bilateral relations. The Lao foreign minister has been appointed as permanent representative of the Lao side to work with the Thai side on the demarcation of the entire common border of the two countries."

During the fifth meeting of the Lao-Thai Joint Border Commission from 6 to 9 November, the Lao side proposed the appointment of the permanent representative of the Lao side. The Thai side accepted in principle the proposal and recommended that the demarcation work be carried out along the entire common border while the Lao side preferred to work only on the disputed areas starting from Romklao village to set a precedence for the operation in other parts of the border.

Thailand and Laos share a common border of 1,100 kilometers, demarcated by the Mekong and Heuang Rivers as stipulated in the Siam-French treaty. In case the rivers are divided into tributaries, the deepest channel of the one nearest the Thai territory is considered the border line. This clause of the agreement is unfair to the Thai side and has led to border disputes.

The common border on land is approximately 650 kilometers long with a dubious demarcation line.

Touching on the refugee problem, Somchan said the Lao Government has attached great significance to the presence of Lao refugees in Thailand, especially the 7,000 Hmong refugees at Tham Krabok Temple in Sara Buri Province. He disclosed that the government regards these Hmong as terrorists, who have been responsible for the harassment of the Lao people in the border areas.

Somchan concluded by saying: "It is certain that we will not accept them back to our country. We want to ask the Thai Government to suppress them or, at least, do whatever it deems appropriate to prevent them from coming to our country to terrorize our people."

Philippines

Suspected Terrorist Reportedly Trained Abu Sayyaf

BK1412114095 Hong Kong AFP in English
1116 GMT 14 Dec 95

[FBIS Transcribed Text] MANILA, Dec 14 (AFP) — A suspected terrorist extradited to New York for alleged involvement in a bomb plot against US airlines was in the Philippines in 1992, training Muslim fundamentalist guerrillas, a Filipino intelligence source said here Thursday.

The source added that another foreign Muslim, a Sudanese identified as Omar Ben Mamoud, had arrived in the country last month to train the same local group, the Abu Sayyaf.

The source alleged that Wali Khan Amin Shah, who was extradited from Malaysia on Wednesday, trained Abu Sayyaf members in the southern Philippines in 1992 along with Ramzi Yusuf, suspected mastermind of the 1993 World Trade Center bombing.

Police have accused the Abu Sayyaf of mounting several bloody attacks against Christians and foreigners in the southern Philippines in recent years.

The group has been blamed for the pillaging of the southern Philippine town of Ipil in April that left more than 50 dead.

However, a western former international security consultant familiar with the case said that it was unclear whether links between Yusuf and the Abu Sayyaf were as close as the Philippine authorities suggest.

"I still doubt whether the connection (between them) went that deep," he said, speaking on condition of anonymity.

But he said it was likely that members of Abu Sayyaf had provided basic operational assistance to Yusuf and Shah while they were in the Philippines.

The Philippine source said Mamoud was a close associate of Yusuf and another Muslim terrorist, Abdul Hakim Murad, who was captured in a raid on the Manila hideout he and Yusuf were using in January.

Police said that the apartment raid on January 7 uncovered a plot to assassinate Pope John Paul II during his January 12-16 visit to the Philippines.

Bomb-making devices, as well as a cassock, Bible and a crucifix, apparently intended as a disguise to get close to the pontiff, were found in the raid.

The source would not comment on the current accusations against Amin Shah, that he was part of a plot

masterminded by Yusuf in January to bomb US airliners flying on Asian routes.

Yusuf was himself recently extradited to New York from Pakistan, accused of organising both the airline plot and the World Trade Center atrocity.

Speaking in New York, US attorney Mary Jo White said earlier Shah was a "major player" in the airline plot.

"The plot had been to bomb numerous US aircraft operating in the Far East with the bombs timed to go off on the US leg," she told reporters. The targets were United and Northwest Airlines flights to Los Angeles or San Francisco.

"Their objective was to kill innocent American passengers," White said. "The crimes charged in the indictment are chilling."

Yusuf already faces charges in the Philippines for the mid-air bombing of a Philippine Airlines (PAL) plane in December 1994 that killed one Japanese man in what was considered to be a test-run for attacks on US jets.

Despite his misgivings on the links between Yusuf and the Abu Sayyaf, the western expert was in no doubt that the airline plot was for real, although there had been initial scepticism outside the United States on the extent of the threat.

"The Americans took it very seriously," he said.

Philippine police officials in Manila could not be contacted for comment on whether they would be seeking similar charges against Amin Shah.

Bosnia Said Possible Training Ground for Rebels

BK1412110095 Hong Kong AFP in English
1040 GMT 14 Dec 95

[FBIS Transcribed Text] MANILA, Dec 14 (AFP) — A Pakistani minister warned here on Thursday that extremist Filipino Muslims may be in Muslim guerrilla camps in Bosnia training to fight in the conflict-torn country.

"I did ask your (Philippine) secretary of interior to find out whether you have volunteers in Bosnia-Herzegovina because that is another backdrop for the training of these so-called Islamic guerillas," said Pakistan's Interior Minister Khan Babar.

Muslim volunteers from many countries have gone to Bosnia to reinforce the Bosnian Muslim army in its battles against Bosnian Serbs and Croats.

Babar cited the example of Afghanistan where foreign Muslims helped fight the Soviet army only to later become involved in terrorist activities elsewhere.

He met Philippine interior secretary Rafael Alunan to exchange views on how Islamabad and Manila were tackling problems regarding terrorism, drug trafficking and gun smuggling.

Manila is trying to contain violence in the southern Philippines wrought by the Muslim extremist Abu Sayyaf group. The government believes the group was trained by foreign terrorist cells including that of Ramzi Yusuf who masterminded the bombing of the World Trade Center in 1993.

Abu Sayyaf members reportedly include Afghan war veterans.

Foreign Muslim fighters are suppose to quit Bosnia as a 60,000- strong United Nations and North Atlantic Organization Treaty (NATO) force prepared to enforce a truce in Bosnia.

Leaders of Bosnia-Herzegovina, Croatia and Serbia are in Paris to sign a peace treaty intended to end Europe's bloodiest war which has claimed 200,000 lives.

Thailand

Air Force Views U.S. Refusal To Sell F-18's

BK1412025095 Bangkok THAILAND TIMES in English 14 Dec 95 p A3

[Unattributed report]

[FBIS Transcribed Text] Bangkok — The Royal Air force yesterday shrugged off rumors of the United States' refusal to sell a squadron of highly-sophisticated F-18 jet fighters, said former Air Force chief Kan Phimanthip.

It was recently reported that the US State department had conveyed that the US had decided not to supply the advanced medium range air-to-air missile system to Thailand. Air Force Commander-in- chief Siriphong Thongyai has insisted that each jet fighter, worth about US\$35 million, must be fully equipped with advanced weapons and electronic system.

"There is no need for us to interest ourselves in the fighters if the US has actually refused to sell them to us," said ACM [Air Chief Marshal] Kan.

"We selected the F-18 jet fighters because we want fighters installed with advanced weapons systems," Kan added.

The Air Force will simply focus on alternative jets such as the French-made Mirage 2000 and Russian-made SU-35 instead, Kan said.

Defense Permanent Secretary Phaibun Emphan, however, said the US has not yet responded with a decision

on the Thai request as the request has not yet reached the US congress for approval.

"As far as I know, news reports that the US will not sell fully- armed F-18 jets to Thailand are not true. After all, the US has already sold the same fighters to Malaysia," said Gen Phaibun.

Burma Asks Payment for Border, Fisherman Damages

BK1312150195 Bangkok THE NATION in English 13 Dec 95 p A3

[Unattributed report]

[FBIS Transcribed Text] Burma has demanded over US\$100 million (Bt2.5 billion) from Thailand in compensation for the killing of one of its fishermen working on a Thai boat and for damages caused by border incidents, according to Defence Minister General Chawalit Yongchaiyut.

Government deputy spokesman Amnat Chanawong quoted Chawalit as telling the Cabinet yesterday that Rangoon has demanded US\$1 million (Bt25 million) for the death and another US\$100 million for the various violent incidents recently along Burma's border with Thailand.

Burma's ruling junta, the State Law and Order Restoration Council (Slorc), has also called for the two countries to jointly regulate and tax the fishing industry, the defence minister said.

Amnat said the Cabinet yesterday discussed Burma's closing of three border crossings following a number of violent incidents earlier this year.

The issues will be discussed during the Asean summit meeting, Chawalit was quoted as saying.

Slorc leader General Than Shwe, who will lead his country's delegation, will meet with Prime Minister Banhan Sinlapa-acha for 15 minutes on Friday morning.

Amnat said the Thai fishing industry has been badly hurt by the closure of Burma's territorial waters after the killing of the fisherman.

Officials in southern Ranong province said Burmese authorities told the Thai Foreign Ministry they were satisfied with its efforts to improve the conduct of its fishermen. The ministry circulated a memorandum to Thai fishing associations and provincial chambers of commerce urging them to strictly observe Burma's laws when in its waters.

The Burmese authorities said they would consider re-opening the border checkpoint at Kawthaung or Victoria Point if the Thai side accelerates proceedings against

the Thai murder suspects and compensates the victim's family.

Amnat said he believed Banhan will raise the issue when he meets Than Shwe. Thailand, he added, wants to lower the US\$1-million compensation claim to Bt200,000 and does not want to pay the US\$100 million demand for border violence.

Narong Fishery Industry has already paid 800,000 kyat (about Bt200,000) to the victim's families, Rayong officials said.

ASEAN Efforts on East Asia Economic Caucus

*BK1412083195 Bangkok THAILAND TIMES
in English 14 Dec 95 p A4*

[Editorial: "The Unsung Victory for EAEC"]

[FBIS Transcribed Text] The question of EAEC (East Asia Economic Caucus) has been one subject that has come up at every ASEAN gathering and ends up with a two line sentence in the joint declaration saying "ASEAN will continue with the efforts to advance further the East Asia Economic Caucus (EAEC)," and then the issue is let to gather dust until the next meeting.

It is to be seen today, when the Heads of State meet, how far the ASEAN secretariat has pursued on the matter. Mr Ajit Singhe will be in a very embarrassing situation when Malaysian Prime Minister Dr. Mahathir Mohamed bring up the matter.

Nevertheless, the outspoken Malaysian Minister of International Trade and Industry Rafidah Aziz have given notice that Malaysia will push the EAEC issue even without Japan.

Japan, on the one hand, has been reluctant to crystallize her position openly for fear of losing the Australia-New Zealand-America combine and their support which it seems to value more than the ASEAN.

While on the other, Japan, unlike, some other developed economies which shed their uncompetitive industries — later picked up by developing countries with the competitive edge — Japan relocated her own middle and low level industries spawning all over the ASEAN region."

One of the visible and more significant Japanese strategies have been to encourage and use ASEAN member states to create a cluster of complementary industries that would harmonize her own economic interests.

While acknowledging that this strategy has generated considerable employment and contributed to the economic growth of the region, Japan's behavior towards a united East Asia within the EAEC has demonstrated her

moral bankruptcy to admit that it is indeed a country that rightly belongs to the group of East Asian economies.

Japan's constant participation as one of the dialogue partners of ASEAN demonstrated that is as far as she would like to engage herself with the ASEAN and nothing more.

The Japanese attitude brings to mind the mythical two-headed snake, on the one hand as a hawker, her only interest has to sell her wares by placing it in a safe location. On the other, it has exposed herself of the fear of losing the security and protection given by the street protector. Thus, Japan has been sandwiched between the two she has created for her own survival.

But Japan seems eager to be part of the Asian group that is to meet with the European Union in Bangkok next March. The Asia-EU meeting is the outcome of the unofficial recognition of EAEC that has been floating in private, rather than in public admission.

It seems the concept of EAEC is now reflected and manifests itself in the proposed Asia-European Union meeting. Some analysts argue despite being an ASEAN-dialogue partner like Japan, the European Union has chosen to talk economic matters with ASEAN alone, but rather with the group belonging to Asia in particular with East Asia.

This latest move by the European Union may be the first step towards the EAEC concept in some other name. It could also illustrate that Japan may be moving towards EAEC by involuntarily and gradually accepting the EAEC, without admitting that it does.

This is a satisfying move on the surface, despite outward opposition to the caucus deep under, the prospects of losing the location to sell her wares may be a reason that Japan is very likely to take a leading role in the forthcoming Asia-European Union Conference.

Vietnam

SRV Designation To Host 1998 Summit Applauded

*BK1312154595 Hanoi VNA in English
1416 GMT 13 Dec 95*

[FBIS Transcribed Text] Hanoi VNA, Dec 13 — "ASEAN hails Vietnam to host its 6th summit in 1998", said Mr. Ajit Singh, general secretary of the Association of Southeast Asian Nations (ASEAN) in an interview exclusively granted yesterday to Vietnamese major newspapers' correspondents in Bangkok, Thailand. The ASEAN senior official further said that by that time the country would have obtained a lot of experience from its organisation of the 7th Francophone summit in 1997.

He also applauded Vietnam's great effort to provide the ASEAN Free Trade Area (AFTA) Council with the lists of goods subject to tax reductions and other priorities under AFTA.

Asked about the role of ASEAN in disputes over the eastern sea, Mr. Singh held that ASEAN was a group

and that it has discussed this issue with China on its group. As an official member of ASEAN, Vietnam has the right to take part in dialogues between ASEAN and China, which had been stated in the 1992 Manila Declaration.